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16 April 1986

NEAR EAST/SOUTH ASIA REPORT

CONTENTS

ARAB AFRICA

EGYPT

Interior Minister Inspects Prisons, Visits Metro Station (Hasan Abu-al-'Aynayn; AL-AHRAM, 7 Feb 86)	1
Minister Reviews Decisions on Education (Abd-al-Azim Darwish; AL-AHRAM, 6 Feb 86).....	3
Cartoon Identifies Threats to Democracy (Salah Shafiq; AL-WAFD, 6 Mar 86).....	5

LIBYA

JANA: U.S., Egypt Seek To Contain Sudanese Revolution (JANA, 29 Mar 86).....	6
---	---

MOROCCO

Ministry of Industry Devises New Investment Procedures (Tahar Masmoudi Interview; AL-IQTISAD WA AL-A'MAL, Feb 86).....	7
Paper Reports on Upsurge in Workers' Protests (AL-BAYANE, 16-17 Feb 86).....	13
Briefs Fighting Graft in Casablanca	15

TUNISIA

Loan Agreement on Rural Development Signed With Saudis (LE TEMPS, 27 Feb 86).....	16
--	----

Soccer Match Violence, Arrests Reported
(LE TEMPS, 25 Feb 86)..... 18

Briefs
New Importation Measures 20

ARAB EAST/ISRAEL

IRAQ

- Details of Israeli-Kurdish Ties in Recent Years
('Ali Nurizadeh; AL-DUSTUR, 20 Jan 86)..... 21
- Iraqi War Correspondents Recount Experiences
(Walid al-Zubaydi; AL-DUSTUR, 20 Jan 86)..... 23
- Oil Minister Discusses Price Crisis, Fair Market Sharing
(Qasim Ahmad al-'Uraybi Interview; AL-JUMHURIYAH,
3 Feb 86)..... 27
- Trade Minister Views 1986 Import, Export Plans
(Hasan 'Ali Interview; AL-THAWRAH, 4 Feb 86)..... 32

ISRAEL

- Paper Analyzes Syrian Threats, Intentions
(Ze'ev Shiff; HA'ARETZ, various dates)..... 36
- Hazards of Be'er Sheva' Toxic Chemical Production Discussed
(DAVAR, 13 Mar 86)..... 45
- Briefs
- Relations With Poland 48
Liberal Center Party Appointment 48
Increase in Arab Education 48

KUWAIT

- Government Attempts To Cut Electricity Subsidies
(AL-IQTISAD WA AL-A'MAL, Feb 86)..... 49

SOUTH ASIA

AFGHANISTAN

- Limits of Soviet Strategy Examined
(Olivier Roy; POLITIQUE ETRANGERE, 4th quarter 85)..... 53

IRAN

Hezbollah Leader, Spokesman Views Lebanese Internal Affairs (Hojjat ol-Eslam Seyyed Ebrahim ol-Amin Interview; KEYHAN, 9 Feb 86).....	63
Amal Leader's Views on Lebanese Situation, Middle East (Abu Hesham Interview; KEYHAN, 9 Feb 86).....	67
Contracts Concluded With Italian, Australian, British Firms (AN-NAHAHARARAB REPORT & MEMO, 20 Jan 86).....	72
Goods, Services Index Increase 4.4 Percent (KEYHAN, 26 Jan 86).....	73
New Investments in Industry Examined (KEYHAN, 28 Jan 86).....	75
Increase in Exports to East Bloc Countries Reported (MEED/THE MIDDLE EAST'S BUSINESS WEEKLY, 8 Feb 86).....	82
Paper Reports on Iraqi-Israeli Talks (IRNA, 17 Mar 86).....	84
Briefs	
Arms Shipment From Vienna	85
More Radio Jamming Devices Acquired	85
Petrochemical Project Stopped	85

EGYPT

INTERIOR MINISTER INSPECTS PRISONS , VISITS METRO STATION

Cairo AL-AHRAM in Arabic 7 Feb 86 p 8

[Article by Hasan Abu-al-'Aynayn: "Minister of the Interior Decrees Converting Prisons into Productive Institutions and Applying Insurance to Inmates"]

[Text] Mr Ahmad Rushdi, minister of the interior, has decided to convert all prisons into productive institutions to utilize the human energy in them, to apply the social security system to prisoners, and to extend humanitarian and social care to their families. The minister denied rumors of cases of torture in prisons. He declared that prisons are open for any visitor or committee to meet the prisoners and talk to them. The minister also decided the re-planning of Misr al-Jadidah metro station at the site of al-Laymun Bridge to eliminate traffic congestion through it, and to reduce the inconveniences suffered by the public who use the metro to Misr al-Jadidah and Nasr City.

During a visit to the Prison administration yesterday, the minister asked Major General Ahmad Raja'i, director of the administration, to allow all national and opposition newspapers to be made available to the prisoners. He also requested, while visiting the prisons' products fair, to concentrate on manufacturing uniforms and shoes to make the administration self-sufficient and to offer the rest of the products to employees of the Ministry of the Interior and the public.

He also asked that more discipline be achieved in prisons without being harsh, and recommended the use of police dogs to control drugs in prisons after learning of 38 cases of drugs being confiscated in prisons during the previous month, the drugs having been smuggled by visitors of the prisoners.

During his meeting with prison officials, the minister declared that he would not tolerate favoritism and that no employee will be punished because of rumors or hearsay, and that every employee in the Police Department or the Ministry of the Interior will be able to confront rumors, and will have the right to respond to all accusations, rumors, or hearsay.

The minister distributed prizes and certificates of merit to prison wardens who won, and he decided to pay all prison employees one extra month's salary as a reward for achieving development and increased production during the previous year.

During his visit to al-Laymun Bridge metro station yesterday, the minister asked Maj Gen Awwad al-Kurdi, director of the traffic department in Cairo, and Brig Gen Salah Mandur, assistant director, to form a committee as soon as possible to inspect the station and re-plan it.

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EGYPT

MINISTER REVIEWS DECISIONS ON EDUCATION

Cairo AL-AHRAM in Arabic 6 Feb 86 p 8

[Article by Abd-al-Azim Darwish: "Minister of Education Attends Two National Party Conventions"]

[Text] Mr Mansur Husayn, minister of education, announced that the policy of the ministry during the second 5-year plan aims at improving the quality of education and the phasing out of the multi-tier scheduling periods in addition to controlling the excessive crowding in some class rooms and building new schools to replace those which are due for replacement. The policy of the ministry projects a 5 percent increase in the average rate of admitting students in first grade since investment in the present plan is sufficient to absorb all the students at the mandatory age. He also asserted that there will be no exceptions in admitting students in schools, or in lending, transferring, or promoting teachers.

Yesterday the minister attended the popular convention that was organized by the secretariat of the National Party in Cairo under the chairmanship of Dr Abd-al-Ahad Jamal-al-Din, party secretary in the capital, and the meeting of the educational committee of the National Party under the chairmanship of Dr Hilmi al-Hadidi, assistant general secretary of the National Party.

During the convention, which was attended by Yusuf Sabri Abu Talib, governor of Cairo, the minister said that it has been decided to re-distribute new teachers or those who have been transferred to Cairo to various educational administrations because of the excessive number of teachers in some schools and the shortage in others. He also affirmed the ministry's concern for regulating attendance in schools till the end of the school year so student attendance will be taken until April 13; and students will not be allowed to take final exams if their attendance average is less than 85 percent of the school days.

The minister added that there should be no complaints regarding delays in the delivery of text books to schools before the beginning of the next academic year and that the percentage of books handed to students before the beginning of the present academic year reached 99 percent.

As for the phenomenon of private tutoring, the minister said that the ministry is not responsible for it because despite its having organized support tutoring

groups for students since the beginning of the school year, parents continue to resort to private tutoring for their children without any need for it.

The governor of Cairo announced that needed land has been allocated to build schools after the elimination of encroachments on government land; this was done because of the increased crowding in classes in some schools.

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EGYPT

CARTOON IDENTIFIES THREATS TO DEMOCRACY

Cairo AL-WAFD in Arabic 6 Mar 86 p 1

[Cartoon by Salah Shafiq]

[Text]

Key:

Crown on Egypt's head:
DEMOCRACY

1. As long as she's got that crown on her head, we'll never be able to get at her!!
2. Terrorism
3. Dictatorship
4. [Cairo Tower, a well-known landmark]



CSO: 4504/252

LIBYA

JANA: U.S., EGYPT SEEK TO CONTAIN SUDANESE REVOLUTION

LD202033 Tripoli JANA in English 1852 GMT 29 Mar 86

[Text] Tripoli, Rajab 18, March 29, JAMAHIRIYAH NEWSAGENCY--Repeated statements by the Reagan administration and Egyptian rulers on brotherly Sudan assert their persistent malicious and failing attempts to spread their domination and containment of the 16th April popular revolution which toppled stooge Numayri.

JANA Arab affairs editor commented on these gross interference in the affairs of brotherly Sudan. He said the American statements and identical statements by the Egyptian regime show their scorn for the Sudanese people and portray it as second or third rate human beings as their ill imagination tells them. The American administration and Egyptian rulers look down at the Sudanese people's options and pan-Arabist and patriotic orientations in the aftermath of the popular revolution giving themselves the right to think on behalf of the Sudan as if the Sudanese people are unable to decide for itself and as if they have the right to determine what is appropriate and what is not for Sudanese brothers.

The editor pointed out, in his commentary, that the rulers of America and Egypt do not hesitate to issue orders to Sudanese brothers concerning their pan-Arabist and national issues of destiny forgetting that today's Sudan with its popular revolution is different to what it was during the era of ousted Numayri's clique.

JANA Arab affairs editor ridiculed the Reagan administration's policies towards our people in Sudan. He said the tyranny and arrogance of American rulers made them forget that Sudan is of noble civilization. If America claims civilisation, the civilisation of the Sudanese people is thousands of years old and not a number of decades like the age of America which is alien to civilisation.

The editor added that what America and Egyptian rulers are doing is an encroachment of freedom and sovereignty of brotherly Sudan which is scornful and contemptuous to the capabilities, struggle, and fairness of our brothers in Sudan.

JANA editor for Arab affairs concluded by saying that they must know that Sudan is not impotent, for its struggle against colonialism, reactionaries and stooges is a long one. It is capable of realising the aspirations and those of the Arab nation.

MOROCCO

MINISTRY OF INDUSTRY DEVISES NEW INVESTMENT PROCEDURES

Beirut AL-IQTISAD WA AL-A'MAL in Arabic Feb 86 pp 40-42

[Interview with Tahar Masmoudi, Moroccan Minister of Industry and Trade: "We Have Set out an Integrated Statute To Serve Arab Investment"]

[Text] In spite of Morocco's late entry into the field of attracting Arab investment, it is now considered one of the most prominent of investment areas, since many attributes of a suitable investment climate are present on the one hand and there is interest on the Moroccan government's part in realizing a more extensive opening up to Arab markets on the other.

This has accompanied by the decline in Morocco's share of international trade, as in that of other developing countries, the inclusion of Spain and Portugal in the European Common Market, Morocco's main trade partner, and the exacerbation of the problem of foreign debts. While Arab investors were starting to think more seriously of investing in Arab countries, pushed by feasibility, faith in them and the diminution of opportunities in the international markets in these areas, AL-IQTISAD WAL-A'MAL had a lengthy conversation with Dr Tahar Masmoudi, Moroccan minister of commerce and industry, of which this is the text:

[Question] How do you view your relationship with the European Common Market following the inclusion of Spain and Portugal? What are your plans for finding alternatives in the coming years?

Dr Masmoudi: Morocco's relations with the European Common Market did not arise overnight. Rather, they are concentrated on the 1969 agreement and the cooperation agreement of 1976, proving the two sides' desire to develop and strengthen cooperative relations in various fields.

The European Common Market is considered our main trading partner, since it accounts for approximately 40 percent of our total foreign trade. It also absorbs 51 percent of our exports, of which foodstuffs make up 56 percent.

It is our agricultural product exports in particular which will experience difficulties and problems following the entry of Spain and Portugal into the Common Market, if objective measures are not taken to preserve our trade level.

In spite of the efforts exerted in the search for alternative new markets, the market absorbed 56 percent of our citrus fruit and 93 percent of early fruit exports in the period 1983-84.

The maximum importance of these commodities with respect to the agricultural sector, which employs more than 1.2 million workers, is no secret to you. These figures will suffice to explain our real fears in the wake of the expansion of the market to include Spain and Portugal.

Morocco has expressed its fears on a number of occasions and meetings, but it will be difficult to know the consequences of the new status of the countries of the southern Mediterranean, especially Morocco, before accurately assembling the contents of the detailed agreements which will be concluded between the market and these countries.

Morocco hopes that the market will seek to take the objective measures to preserve the interests of the countries of the southern Mediterranean as declared in recent months by the European Council, which declared the market's political desire to create general ground for these countries' development in the context of balanced relations. Therefore it is necessary to come up with a suitable means for realizing the interests of the enlarged European Market and the interests of the countries of the southern Mediterranean and to work to keep this expansion from being at the expense of the other peoples.

[Question] Morocco has striven in recent years to attract Arab investments in the framework of preparing a legally suitable investment climate through bilateral government contacts or Moroccan businessmen. How would you evaluate the initial response to this effort? To complete the subject, how do you view the issue of Arab investment in Morocco in the context of feasibility, faith and participation in national development?

Dr Masmoudi: As is no secret to you, either, the industry sector in Morocco is considered a priority in economic and social development plans, since the government has set out and developed an integrated statute for helping investors -- Moroccans, Arabs and foreigners -- by setting out legislative provisions and creating government and non-government reception boards to attract foreign capital in general and Arab capital in particular. The Moroccan government gives special attention to Arab investments, in view of the effective role they play in strengthening Arab cooperation. In this regard, it has concluded a number of bilateral commercial agreements or investment protection agreements between Morocco and a number of Arab countries, among which we might mention the agreements on non-duplication of taxes. A number of contacts have also been made between Moroccan businessmen and their Arab brothers, and economic conferences, most important of which was the second conference of Arab businessmen investors held in Casablanca, which produced positive results, including the creation of an Arab company for fishing investments, whose headquarters will be in Morocco, and the conference of Arab contractors which was also held in Casablanca.

It is to be noted at present that Arab investments in Morocco grew tangibly in the period between 1978 and 1983, since at the end of 1978 they constituted only 0.6 percent of total investments in Morocco and 4 percent

of foreign investment, while they came to represent more than 9 percent of the total, and 46 percent in the case of foreign investment, at the end of 1983.

It is worth pointing out that the Arab investments which have received this assistance are at the same time directed toward economic activities with the greatest payout, and consequently contribute to the development of the industrial sector.

What about the Negative Features?

[Question] How, on the other hand, though, do you view the numerous negative features, whether related to the investment climate in Morocco or foreign conditions? Let us begin with the repercussions of the difficulties the Moroccan economy is suffering from.

Dr Masmoudi: There is no doubt that Morocco has suffered like others from the consequences of the international economic crisis, although the most flagrant damage has resulted from the great successive increases in the oil prices and the rise in interest rates on the international financial market, with the fantastic increases that have coincided with them in the exchange rates of the American dollar, while the international movement of trade has experienced a severe contraction whose main victims have been the developing countries, including Morocco, which has witnessed an exceptional situation embodied in drought, adding to the severity of the crisis.

However, the Moroccan government is working seriously to reduce the severity of these repercussions by means of a new economic policy focussed on preserving economic balance and restructuring all sectors, including the sector of industry. This policy has yielded good results so far, in the context of the development of exports and the opening of new markets or in the context of the effort to realize self-sufficiency in manufactured goods and the protection of domestic production.

[Question] Investors generally complain of a state of "immaturity" in the legal and administrative agencies concerned with foreign investment, in spite of the presence of legal texts and specialized authorities and departments, or let us say a sort of imbalance between the law and its application at times or the instability of the laws at other times.

Dr Masmoudi: With regard to the stimulation of investments, extensive expertise has been available to Morocco, beginning in 1960 with the issuance of a number of laws for the accumulation of investments in various economic areas and the establishment of economic agencies with the goal of facilitating investors' activity.

Therefore, Morocco has been able to improve its legal agencies and simplify administrative systems. In 1983 a new law on industrial investments was issued which is characterized by the grant of benefits and incentives on an automatic basis. An investor has only to present his investment program to the department of industry, which discusses it in a period of no more than 30 days. The permit of correspondence which this department grants is considered sufficient to compel the relevant departments to apply the provisions

of this law, and the same is the case with respect to the acquisition of loans which the National Bank of Economic Development gives at low interest rates. In spite of the automatic nature of the laws in effect in the area of investment and the simplicity of the administrative statutes, we always seek to improve them with the goal of creating every suitable circumstance for investors.

[Question] What about the absence of an effective role for the Moroccan private sector in establishing projects and promoting them in order to find people interested in taking part?

Dr Masmoudi: The Moroccan private sector plays an important role in economic development and in supporting the development programs the government sets out through its ability to innovate. The experience this sector has acquired in 30 years of independence has made it possible to create a dynamic generation of businessmen.

One can say that Morocco now has competent, modern businessmen and investors at hand and they have taken part seriously and effectively in developing various areas, including the sector of industry, where the private sector contributed 1,033 projects whose costs came to about 2.4 billion dirhams in 1984.

[Question] What is your view concerning restrictions on remittances and the absence of an effective financial market?

Dr Masmoudi: Talk about the development of Arab financial markets in general is not new. In addition, Morocco has worked gradually to integrate its domestic financial market by developing savings awareness and an investment climate through freedom of movement of capital. However, the absorption of Arab surpluses and financial savings all in all takes place in international financial markets, and this leads to undesirable trilateral operations. However, the Arab economic environment is now prepared to seek practical formulas and means for increasing the link among their national financial markets and guarantee cash remittances among themselves, especially with regard to invested capital or revenues from these investments.

[Question] What is your view on what is said about the lack of seriousness of Arab investors who view the investment process as an immediate deal for realizing maximum profit with the maximum speed, or their effort to obtain nonexistent incentives from Arab countries which they do not ask for in industrial countries?

Dr Masmoudi: Every investor of course should strive to limit risk and realize the greatest possible profit. We are certain that the expertise Arab investors have acquired will enable them without a doubt to change their views regarding investment in industrial areas. In addition, it is worth pointing out that the opportunities for investment available and the incentive measures which have been adopted in Morocco guarantee that investors are given the necessary confidence and anticipated faith. As regards the encouragements which some Arab investors demand, Morocco welcomes the discussion of all applications which go beyond the benefits the law gives. In this respect, Morocco has continued to defend and still is defending the

notion of creating an Arab common market in which commodities and investments will be exchanged at the least cost, without barriers and obstacles.

[Question] There has been a sort of emphasis in Morocco on increasing exports in general and agricultural exports specifically. What is your evaluation of this emphasis? Are you inclined to give a greater role to the private sector, as might be understood from the decree on nonrestriction of exports to the marketing and export board?

Dr Masmoudi: In fact, his majesty's government has given special importance to increasing exports with the goal of rectifying the deficit in our balance of trade. In recent years this has experienced a great deficit which can be attributed to international economic circumstances such as financial and monetary fluctuations, protective policies applied by the manufacturing countries and the rise in the rates of the dollar.

In spite of that, Moroccan exports in the first 8 months of this year registered a positive growth of 9.7 percent compared with the previous level. Thus, manufactured consumer goods registered an increase of 27 percent, readymade clothes 30 percent, spare parts 100 percent, agricultural canned goods 83 percent, canned fish 40 percent and fruit and vegetables 27 percent.

In general, our exports, aside from phosphate and phosphate derivatives, have risen by 14.8 percent. It is worth pointing out here that the structural composition of our exports is now concentrated on raw materials, which make up 30.8 percent of total exports, while the share of manufactured goods has risen to 19 percent, in place of 16 percent in 1984.

Thus the positive results we have achieved in the export sector have been a result of the adoption of important administrative and incentive measures, among which we might mention:

The grant of necessary incentives to the exporting sectors, be they in terms of tax collection or financial, in order to attract the necessary investments to these sectors, whether they are local or foreign.

The simplification of administrative measures and the statutes bearing on exports.

Close attention to the ongoing evaluation of various incentive measures directed toward export activities, in the desire that they be commensurate and develop when needed to keep abreast of the conditions of international markets and preserve our competitive abilities.

In this context, once the necessary studies for this are completed, a draft of a new law to encourage exports will come into existence which will take the place of the law that is in effect now.

As regards the private sector, one can say that it is active and endowed with great vitality in economic and commercial development. It contributes a large share to the application of the country's development programs and

plans. The government gives complete necessary attention to this sector so that it can play its role effectively in carrying out economic development programs as well as in raising the level of the volume of our exports abroad, whether they be industrial or agricultural.

Development of Arab Trade!

[Question] How do you view the issue of trade with the Arab countries?

Dr Masmoudi: In general, one can say that trade relations with the Arab countries are still below the desired level, in spite of the many resolutions or agreements, be they bilateral or multilateral, in the context of the Arab League. In addition, the absence of integration or an economic merger among Arab countries so far has not helped the development of these relations, although important qualifications are present for raising the level of economic relations among the countries of the Arab world.

The mediocre state of commercial relations among Arab countries in our view can be summarized, by way of example, but not exclusively, in the following points:

The problem of transportation and communications in all forms.

The similarity of industrial and agricultural output (among certain countries).

The mediocre quality of certain essential food products which are imported.

Severe competition in some Arab markets on the part of economically advanced foreign countries.

The lack of coordination among commercial and customs policies and statutes as stipulated in the agreement to facilitate trade signed by the Arab countries in Tunisia in 1981.

The failure to give priority to Arab production which is also stipulated in the comprehensive commercial agreement or in bilateral agreements.

The lack of a strong strategy and joint development plans among Arab countries or a group of countries.

The lack of industrial coordination and integration.

The weakness of contributions and financing organizations in establishing and developing joint Arab projects, and so forth.

As regards commercial relations between Morocco and the Arab countries, the volume of this trade has roughly tripled in the last 5 years, rising from 3,520,500,000 dirhams in 1980 to 9,097,200,000 dirhams in 1984.

Imports accounted for 88 percent of the value of this trade in the past 5 years, while exports have not been more than 12 percent.

MOROCCO

PAPER REPORTS ON UPSURGE IN WORKERS' PROTESTS

Rabat AL-BAYANE in French 16-17 Feb 86 p 1, 3

[First paragraph is introductory material]

[Text] Mobammedia, the working-class city, following the example of the rest of the country's industrial regions, is experiencing a pronounced protest upsurge. Faced with the prolonged economic and social crisis that is cutting down purchasing power internally, and in the face of employers' high-handedness that especially challenges trade union freedoms, workers are fighting and resisting. We present below three important examples: the business firm STRAFOR (metallurgy), the Tammarika company (animal and vegetable cannery) and the Madison factory (household electrical appliances).

STRAFOR: The Total Success of the Workers' Strike

The workers in the plant in Mohammedia specializing in metallurgy, STRAFOR, observed a 48-hour strike last week.

Thanks to their unified ranks and their exemplary combativeness, the salaried employees in that plant, who are affiliated with their UMT trade union group, won their case. In fact, one of their comrades who was arbitrarily dismissed was reinstated. On top of that, management ended up respecting the workers' rights and knowledge, and were completely responsive to their legitimate material demands.

Tammarika: An Anti-Union Employer

The boss of this cannery is increasing his maneuvers to rid himself of those workers who, according to him, are punishable because they are UMT militants. In the daytime Mr. Zarktouni closes the cannery's doors in the faces of its women workers, telling them there is no more work, while he has hired new recruits whom he makes work at night.

According to persistent rumors, the boss has ordered his new recruits to draw from the supply of various canned foods so they can be resold on the national market by using post-dating!

It is imperative that the local authorities in Mohammedia work to get the workers' rights and knowledge respected. Similarly, an inquiry is turning out to be necessary to control the canned goods and their expiration date.

Madison: Management is Against Forming a Trade Union Bureau

At the Madison firm, management has apparently still not decided to respect the rights and knowledge of the workers. To that end, and despite promises it made to representatives of the local authorities, management persists in refusing to allow workers the right to affiliate with a trade union. In addition, it has yet to give its support to the forming of the union bureau merely because its members are affiliated with the UMT union. But the Madison workers intend to see to it that this indefeasible right is absolutely respected.

8946

CSO: 4519/79

MOROCCO

BRIEFS

FIGHTING GRAFT IN CASABLANCA--The law is not just concerned with deterring petty infringements against persons and property and other traditional crimes which, no matter how grave they might be, just express an isolated gravity or social ailments whose source is social oppression; rather, its concern must also include those other serious crimes of exploitation, speculation in markets and neglect of the interests of broad groups of citizens. In Casablanca, the great city on which Morocco's economy is concentrated, crimes which have become obvious to the eye are engaged in in various diverse forms. These take the form of crimes of bribery, embezzlement, smuggling and speculation. These crimes have found a suitable field for themselves in the environment of Casablanca, a special view must be taken toward them, and they require particular measures as well, because deterring these crimes has become an indispensable necessity in order to protect public rights and round out the elements of success in every economic or social development plan. We know that no matter how carefully we examine the choice of employees in the public sector or supervisors protecting the interests of the people outside this sector, we must take into account the power of corruption, the power of enticement, the weakness of faith and the paucity of training, especially if the situation is related to facilities operating in a city like Casablanca which has the elements of temptation that prompt aberrant conduct. Just as the law must hold people to account for embezzlement, speculation and bribery, so must it hold them to account for every positive or negative, deliberate or negligent action, on grounds that punishment and penalties should be intensified the higher the grade of the official is and the greater his salary and responsibilities are. In this manner alone will it be possible for us to protect the society and surround it with an iron wall of deterrent penalties. How greatly in need of this sort of wall is the society of Casablanca! [Text] [Rabat AL-'ALAM in Arabic 5 Mar 86 p 5]

CSO: 4504/230

TUNISIA

LOAN AGREEMENT ON RURAL DEVELOPMENT SIGNED WITH SAUDIS

Tunis LE TEMPS in French 27 Feb 86 p 2

[Text] As part of a ceremony which took place on Tuesday afternoon at the Planning Ministry, Ismail Khelil, the planning minister, and Sheik Mohamed Abdallah Souqair, vice president and member of the Saudi Development Fund, signed a loan agreement with a value of 100 million Saudi ryals, about 20 million Tunisian dinars, for participation in the financing of projects included in the Integrated Rural Development Program. Abbes Fayek Ghazzaoui, Saudi Arabia's ambassador in Tunis, attended the ceremony.

The FSD loan will be used for financing operations in connection with the drilling of wells, improvement of secondary roads, installation of infrastructure in the fishing sector and construction of a number of clinics, treatment centers and cultural and social centers.

The loan, with a 3-percent rate of interest, has a payment period spread over 20 years. The grace period is 5 years.

It is noteworthy, in this connection, that the loans agreed to on that day in Tunisia within the framework of the PDRI, by the Arab and Islamic development funds (Arab Fund for Economic and Social Development, Islamic Development Bank and the Saudi Development Fund) amount to the equivalent of 65.5 million Tunisian dinars.

The various financing projects involve all of the economic, agricultural and cultural activity sectors under the PDRI.

On this occasion Ismail Khelil paid homage to Saudi Arabia and its leader, King Fahd Ibn Abdelaziz, for the continuing support his country has given to Tunisia in its development efforts. He emphasized the special interest that President Habib Bourguiba brings to the PDRI, which is an avant-garde program benefiting the inhabitants of rural areas that have not been adequately affected by the national development effort.

Ismail Khelil stated that with the signing of this agreement the number of loans concluded between Tunisia and the Saudi Development Fund rises to 13 with a total value of about 210 million Tunisian dinars; this, he noted, illustrates the depth of the fraternal bonds that exist between Tunisia and Saudi Arabia, as well as the confidence placed in Tunisia by officials of the Saudi Development Fund.

The planning minister also mentioned that the Integrated Rural Development Program, which will encompass 215 areas and benefit nearly 142,000 families, or one quarter of the inhabitants of the rural zones, has as its principal objective bringing about a rise in the income of these rural dwellers and improving their living conditions; this is to be accomplished by developing and exploiting the available natural resources to create and develop income resources and furnish the basic equipment and social services that are needed in the areas where the program is to intervene.

Sheik Mohamed Abdallah Souqair, for his part, told of the admiration felt by Saudi Arabia, its government and its people and their leader, King Fahd Ibn Abdelaziz, for the great steps Tunisia has taken toward development under the leadership of President Habib Bourguiba, as well as for the efforts agreed to by government leaders in favor of the prosperity and progress of the Tunisian people. Sheik Souqair also expressed his satisfaction as well as that of his colleagues in the Saudi Development Fund at the positive way in which Tunisia has dealt with the fund at all levels pertaining to the application of former agreements, which, he added, made it possible to establish cooperation and joint action on solid foundations.

For his part, Abbas Fayek Ghazzaoui brought out the ties of affection and fraternity that bind the two countries, saying he was pleased with the signing of this agreement, which, he noted, was the crowning achievement of the period during which he worked in Tunisia.

8946
CSO: 4519/79

TUNISIA

SOCcer MATCH VIOLENCE, ARRESTS REPORTED

Tunis LE TEMPS in French 25 Feb 86 p 1, 2

[Text] When sports degenerate and become an excuse for anarchic outbursts, one can only ask oneself grave questions about sporting values and about the education and training of athletes and the supporters of athletic teams.

What happened Sunday afternoon on the road between Sfax and Tunis is unworthy of sports and does no honor to those who perpetrated barbarous and unspeakable acts.

No one knows why supporters of a Tunisian team visiting Sfax came to such a use of blind force, throwing stones at anyone they met on the road and leaving themselves liable to all kinds of exactions.

However, all went well at the stadium and the team's supporters (from the African Club) were able to return peacefully to the capital, with their team's qualification for the Tunisian Cup quarter-finals in their pocket.

What did happen upon leaving Sfax and all along the road comes under the heading of pure criminal actions.

The supporters, who were transported aboard an armada of 40 cars, damaged, on their way, 10 vehicles belonging to citizens who had made the mistake of taking the same road as these "made-in-Tunisia hooligans". The rocks that were thrown caused injuries to five law enforcement officers. The butchers on the Sfax-Tunis road will long remember the hordes leaping from the buses, some snatching a leg, some a whole carcass of lamb and going away without paying.

Their flight was stopped, however: forces of police and the national guard directed by Security Minister Zine El Abidine Ben Ali, accompanied by the commander of the national guard and several highly-placed security officials, installed a barrier at the entrance to the Hammam-Lif highway. Identity verification was carried out on the spot and arrests were made in the bus, where the police found rocks and projectiles of all kinds.

Three hundred and sixty youths, who were accountable to the national army, were arrested immediately and put at the disposal of the national army's recruitment service to fulfill their military service.

The moral of the story is that these supporters had been poorly trained and acted without judgment, harming their club and sports in general.

Hence the need to discuss the question of training supporters and the responsibility of the leaders of athletic teams. Such actions must not be tolerated, because sports are first of all and above all a matter of a code of ethics and self control.

It is fortunate that the police were able to get the situation in hand and put an end to the anarchic outbursts of this unleashed horde.

8946
CSO: 4519/79

TUNISIA

BRIEFS

NEW IMPORTATION MEASURES--To further facilitate the supplying of raw materials, semi-finished products and replacement parts required for production, the following measures have been enacted: 1) provide for all manufacturers who exported in 1985 and/or are engaged in an exportation program for 1986, an annual importation authorization equal to 100 percent of their needs; 2) manufacturing firms having a high integration rate, especially those belonging to the textile, leather, shoes and engineering sectors, will receive an advance equal to 70 percent of the permits obtained in 1985. This measure also covers all businesses that manufacture products of primary necessity or supply other industries; 3) all other businesses, notably those having a low integration rate, will receive an advance of 50 percent of the permits obtained in 1985. It is understood that the 25-percent advance previously granted at the beginning of the year is included in the percentages mentioned above. [Text] [Tunis LE TEMPS in French 27 Feb 86 p 2] 8946

CSO: 4519/79

IRAQ

DETAILS OF ISRAELI-KURDISH TIES IN RECENT YEARS

London AL-DUSTUR in Arabic 20 Jan 86 pp 12-13

[Article by Dr 'Ali Nurizadeh: "Idriss and Mas'ud Follow In Footsteps of al-Mulla Mustafa; 'Cultural Week' for the al-Barazanis in Israel"]

[Text] Idriss and Mas'ud are two of al-Mulla Mustafa al-Barazani's sons who took refuge in Iran with their father and some family members following the signing of the Algiers Agreement in 1975 between the Iraqi president and the shah when the shah pledged to cease supporting the Iraqi Kurds who opposed the Iraqi government.

The Iranians built a housing complex for al-Barazani followers in the city of Karj near Tehran. Moreover, the shah gave them a vast tract of agricultural land near the Karj River for cultivation.

Right after the death of al-Mulla Mustafa al-Barazani in an American hospital, his two sons, Idriss and Mas'ud, gave up the agricultural business to raise cattle. Shortly thereafter, Mas'ud flew to Israel where he met his father's close friend, General Sharon, and asked for his help in their new business. Sharon responded to his request by agreeing to send 300 head of Israeli cattle for only two-thirds of their total price.

Israeli Cattle

At the end of 1978, the Israeli cattle arrived in Tehran. However, due to demonstrations and disturbances in the country at the time, the al-Barazani sons were unable to benefit from Sharon's generosity and the cattle were exhausted, one after the other.

When the shah left the country on what was to be his last trip, the al-Barazani sons were the first to renounce him. Idriss and Mas'ud went to Ayatollah Khomeyni on the second day of his return to Tehran to kiss his hand and declare their readiness to sacrifice all their family for the sake of the revolution.

Based on this precedent, it was not surprising to see Idriss, Mas'ud, and their followers join the Revolutionary Guard ranks in their attacks on the Iranian Kurds who had rallied under the leadership of the Iranian Kurdish Democratic Party commanded by Dr 'Abd-al-Rahman Qasimlu.

Cooperation between Mas'ud, Idriss, and their followers, on one side, and the Khomeyni regime, on the other side, against the Iranian Kurds reached a point which led the Kurds to call them "Jash," a Kurdish expression meaning "mercenary."

Following the outbreak of the Iran-Iraq war, the al-Barazani group joined the Revolutionary Guard ranks and the regime assigned them several missions such as planting explosives in Iraqi cities and villages and undertaking espionage operations.

Economic Crisis

In exchange for their services, Mas'ud, Idriss, and their followers received from the Iranian regime all the money and arms they wanted up until 1983. In that year, however, the economic crisis in Iran began to take its toll when the system of disbursing Iranian financial savings amassed by the shah and the regime was no longer able to maintain adequate support of the al-Barazani sons.

This shortage led to Mas'ud's visit to Damascus and Libya, where Hafiz al-Asad and al-Qadhafi pledged military and financial aid. During this tour, Mas'ud did not forget his friends in Tel-Aviv. In December 1983, he visited Israel as the house guest of "Meier Azri," chief of the Iranian-Israeli relations office during the time of the shah.

During that visit, Mas'ud met with a number of Israeli intelligence (Mosad) officials, and upon his return to Iran, Israeli aid to al-Barazanis began arriving in Iran.

Due to this aid which arrived from Damascus and Tripoli, the al-Barazanis stepped up their activities on two fronts: the home front, where they waged a fierce assault against the Iranian Kurds in which they committed horrible atrocities against Kurdish civilians in Kurdish cities and villages inside Iran, and the foreign front, along the borders with Iran.

Iranian Intelligence Reports

The al-Barazani Kurds played a significant role in providing Iranian intelligence with reports on Iraqi army movements in northern Iraq. However, they opened a new front against Iraq in an attempt to open a gap for the Iranian forces.

Last September, when an American aircraft, which took off from the city of Tibriz, landed at Ben Gurion Airport in Israel, it became clear that it was transporting Israeli arms to the al-Barazani sons.

Perhaps it was this incident that led to the exposure of the close cooperation between al-Barazani sons and Tel-Aviv. This cooperation which, as General Eytan explained in his memoirs, began in the sixties, is still going on.

The last report about al-Barazani-Israeli relations was about a Kurdish cultural week in Israel at the end of last October which was opened by Idriss al-Barazani himself.

IRAQ

IRAQI WAR CORRESPONDENTS RECOUNT EXPERIENCES

London AL-DUSTUR in Arabic 20 Jan 86 pp 48-50

[Article by Walid al-Zubaydi: "On the Battlefront We Went Through Life and Journalistic Experiences"]

[Text] They are the "fighters' friends"! This is not surprising for they have friends in "al-Shalamijah" district and al-Faw as well as in "Banjawayn," "Sayf Sa'd," "al-Fakhah," "al-Tayyib," and "al-Ahwar" and at all the battlefronts extending from the far Iraqi north to the farthest point in the south.

There is nothing strange about this. Iraqi war correspondents have been moving on the battlefronts since the war erupted in 1980. They accompany units and formations in their attacks and fierce battles. They are with the soldiers and officers at all battle positions. The stories they have experienced are those of many of the fighters. In this rich experience, they have experienced life and a new side of journalism.

We met with Hamid 'Abdallah, who said:

"I have been a war correspondent since the first day of the battle. I have taken part in covering most battles, the major ones in particular. I went into the city of al-Huwayzah a few days after its invasion by the Iraqi army. I visited positions a few minutes after Iraqi forces took control of them, be they on the hills or in the southern district. I have published hundreds of press reports and feature articles in AL-QADISIYAH and AL-YARMUK newspapers as well as other local newspapers and magazines. I have interviewed corps and division commanders and brigade and regimental commanding officers."

Colleague Hamid 'Abdallah recalled that "on 30 April 1981, while on assignment with my colleague 'Abd-al-Karim al-Ta'i and photographer Muwafaq 'Awad to a formation commanded by Staff Brigadier General 'Abd-al-Hadi Salih, and after the formation had occupied its new positions, we arrived while the fighters were digging their foxholes. When we inquired about the commanding officers, we found him, shovel in hand, digging his own foxhole. This was in the 'Ballut' area in Sarbil Zihab. The formation came under heavy enemy fire. I was digging with the brigade commanding officer in a 'very small' foxhole when a mortar round fell next to it, causing its collapse. I was buried in the rubble and when I regained consciousness I found myself in

a pool of blood. My right thumb had been severed and was lying on the ground in front of me. I was wounded in the shoulder and leg. Following my evacuation to a field medical unit where my finger was reattached, I learned that my colleagues, Captain Ahmad and photographer Karim, had lost their lives. A member of the Motion Picture and Theatre Institute lost his life as well.

"I lived through the first Huwayzah Lake battle in 1984, from the time the Iranians infiltrated the lake's close fringes up to the liberation of al-Baydah village. I took part in the first assault undertaken by the special forces brigades, in addition to the infantry and armored forces. We later entered houses in al-Baydah and saw enemy bodies floating on the surface of the water, side by side with cattle, dogs, and fish."

About his experience on the battlefield and the influence it has had on his life and business experience, colleague Hamid 'Abdallah said:

"I think that the battle experience has rebuilt me culturally and journalistically, for I feel that I have truly been reborn."

Qasr Shirin

With joy, love, and elation Husayn 'Umran talked about his experience as a war correspondent at the battlefield:

"I began my work as a war correspondent with the 28 September 1984 invasion of Qasr Shirin by the Iraqi forces. I reported the invasion for AL-THAWRAH newspaper. Thereafter, I took part in covering several battles, including Sarbil Zihad in April 1981. Our forces were atop the Kawjar Plateau which we had to climb by foot since there was no open road to the top at the time. It took us 5 hours under Iranian artillery fire to reach our troops that were stationed there.

"There are many exciting details about several battles in which I took part as a war correspondent, including the Mandali battles of October 1982, the Sayf Sa'd battles of 1983, the Zirbatyah battles, and the surrounding of the city of Mahran in 1983. In the southern sector. I covered al-Tayyib-al-Fakah battles, al-Khafajiyah al-'Ula battles in September 1981, and al-Mahmarah battles. In the northern sector, it was the 1985 battles of Kushaytah, Ra's al-'Abd, and Sidkan. When our troops were fighting Iranian troops atop Ra's al-'Abd (altitude: 2,358 meters), I had to take an Iraqi helicopter to get to the Iraqi troops. When I got close to them, I had to leave the helicopter and climb the mountain under fire in order to talk to the troops and photograph Iranian bodies littering the Kushaytah and Ra's al-'Abd peaks."

I asked colleague Husayn 'Umran what he gained from this experience and he said:

"My experience as a war correspondent has considerably enhanced my overall experience as a journalist. It taught me patience. I had to wait long hours

under enemy fire to obtain a press statement from a field commander during or right after the shelling. A war correspondent must have the ability to persevere. News coverage of a battle requires the correspondent to accompany Iraqi troops on their advance on Iranian positions or to climb a mountain or descend a valley to meet fighters entrenched in their forward positions or advanced posts.'

New Experience

As for colleague Shakir 'Abbas, he was fascinated by his colleagues' experiences as war correspondents and decided to be one. He submitted a request to President Saddam Husayn and met with the president to express his wish to work as a war correspondent. His wish was granted.

About his experiences in the field, he said: "My first assignment at the front was the operations sector of the IV Army Corps to report on the heroism of our brave troops who played an outstanding heroic role in the east Maysan battles. I met with field commanders and fighters, both officers and privates, in forward companies and bunkers to listen to their stories and tales. I felt very happy among them."

"Assignments of which I am very proud followed one after the other, and, owing to the many duties and situations I experienced as a war correspondent, I say that the experience of a war correspondent is important and new to Iraqi journalism in general and military journalism in particular. I have experienced it and sensed its importance for it has made me a new and richer person who has gained much from the fighters in the field before and after the battles. This successful experience has compelled me to strive higher and higher and to benefit from my experiences. Press coverage at the battlefield during the height of battle is very special because the war correspondent reports, with truth and sincerity and through words and photos, new information which is turned into a document of historical significance."

"I am particularly proud of my contribution to the Qadisiyah Saddam battle as a fighter carrying my machinegun with the fighters before I carried my pen and camera."

"I have covered many battles, including Banjawayn, east Maysan, and Taj."

My experience Prior to Iraqi Retaliation

I asked colleague Ra'd Khalaf al-Yusuf about his experience as a war correspondent and he said:

"My experience as a war correspondent goes back to before the Iranian aggression on 4 September 1980 and the Iraqi retaliation on 22 September 1980, when I was assigned to conduct field media follow-ups on Iraqi border posts that were damaged by hostile Iranian fire."

"I was able to send live photos of those aggressions and pursued my mission until the aggression reached its peak and war was declared. Thus, I was among the first journalists to accompany Iraqi units during the liberation of Zayn al-Qaws Plateau and the assault on Qasr Shirin. I wrote the first field report to be published in the Iraqi press under my byline.

"Thereafter, our coverage took us to the Basrah sector, where we covered al-Muhammarah assault from the time it was launched until the area came under Iraqi control. I recall that when the situation settled down, we began moving between the units in various sectors and when the battle flared up in al-Khafajiyah al-'Ula, we raced to get to the battleground. We were able to report the fighting, in particular the role of the 10th Armored Brigade, which earned the name 'lightening' due to its speed and ability to surprise and greatly affect enemy troops.

"Thereafter, our duties took on the form of periodic follow-ups of our units' activities and efficacies in all positions up until the decision to pull back to international borders was announced. When the East Basrah battle broke out, I was with other media and press representatives covering the fighting and my reports were published in AL-QADISIYAH newspaper.

"Among the battles which I am proud to have covered because of the exclusive reports I was able to file was the second Ahwar battle, the battle of all battles, in which AL-QADISIYAH newspaper gathered the lion's share of news and interviews with field commanders, and I can say this:

"If regular journalism affords us a special experience, there is no doubt that the front has enriched this experience substantially. It has opened to us new horizons for expressing capacities in choosing words and phrases that draw a close picture of the facts and reality of the fighting and of resistance of all hostile attempts.

"Due to over 5 consecutive years of reporting from the front, we have acquired a wealth of experience in the field of journalism and we will spare no effort in employing it in the service of truth and a new Iraqi triumph. Moreover, the battle, through a large number of interviews with the men for first-hand knowledge of their positions at critical moments, has given us a keener understanding of human nature and the human state that compels man to exceed all bounds in an effort to be creative and innovative for the sake of attaining his goals and objectives."

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IRAQ

OIL MINISTER DISCUSSES PRICE CRISIS, FAIR MARKET SHARING

Baghdad AL-JUMHURIYAH in Arabic 3 Feb 86 p 3

[Interview with Qasim Ahmad al-'Uraybi, minister of oil, by As'ad al-'Aqili:
"In Interview with Minister of Oil: International Oil Conditions Require
Similar Sacrifices on Part of All Producers"]

[Text] The world oil markets are currently experiencing a real crisis, as acknowledged by all the parties concerned. The responsibility for the crisis falls mainly on the shoulders of those who schemed feverishly to inflict the heaviest damage on the OPEC countries and who exerted their utmost efforts to put these countries in a difficult corner. What has been the outcome of the ongoing developments? OPEC's production share has continued to face increasing pressures and OPEC members utilize 50-60 percent of their production capacity whereas the other producers outside OPEC utilize their full capacities. The North Sea producers are even utilizing their utmost capacity. Thus, the prices have tended to decline, creating an unprecedented crisis. Here, the opinions differ on how long this crisis will persist, on whether it is a transient and temporary crisis or a lasting crisis. To what extent does the crisis correspond to OPEC's expectations and what are the horizons of future development?

We carried these questions to present them in a focused interview with Qasim Ahmad al-'Uraybi, the minister of oil, who dealt in this interview with the world oil market conditions, with the production and price issues, and with OPEC's relative movement to confront the new circumstances and developments, to point out the means to deal with them in a manner compatible with the interests of the others, and to restore stability to our planet's energy conditions.

Rapid Developments

[Question] We launched the interview with a major question: What is happening in the world oil market and, what are the factors behind the rapid ongoing developments?

[Answer] I believe that the current decline in prices is the result or outcome of a number of factors that can be divided into two types:

First, pressures from outside OPEC, particularly from the circles and countries that are opposed to OPEC and seek to paralyze OPEC's ability to control the world oil market.

The second type emanates from OPEC itself, meaning that OPEC is responsible for the emergence and intensification of these factors.

Within the framework of the first type of factors, it is evident that the failure of producers, mainly from outside OPEC, to cooperate with OPEC in the past, and even at present, has caused the sacrifices to be shouldered by OPEC solely whenever the situation necessitates some sacrifices while the others take maximum advantage, without making any sacrifices. When supply exceeds demand, for example, OPEC is compelled to lower its production ceiling in order to preserve the established price structure while we find the non-OPEC producers trying to produce at full, even maximum, capacity and to exploit any reduction OPEC makes in its production, keeping in mind that the OPEC production ceiling utilizes no more than 50-60 percent of the production capacity available to its member states. Moreover, because the non-OPEC producers have a free hand, they can always sell their oil at more competitive prices when compared with the prices set by OPEC. This leads to constant pressure on the official OPEC price structure.

As for OPEC itself, its disunity, its failure to tackle the issues seriously, and its failure to devote the necessary attention to dealing with the basic problems in a fundamental manner have constituted one of the most significant factors in weakening OPEC from within and, consequently, in weakening its ability to influence the course of events. This is why the latest OPEC ministerial conference decided that it has become difficult for OPEC to continue to lower its production ceiling again and again in order to maintain the prices at a time when non-OPEC producers exploit this reduction, in addition to exploiting the instability of prices--an instability whose cost OPEC always pays.

The ministerial conference also decided to urge non-OPEC producers more strongly than before to cooperate with OPEC in order to protect the interests of all concerned and to insure the stability of the oil market, stressing the need for OPEC to get a fair share of the world oil markets. When a drop in demand develops, all OPEC and non-OPEC producers must absorb the surplus.

As for OPEC itself, there is no doubt that one of the most significant problems faced by the organization is the failure of the member states to adhere to the production shares and to OPEC's price structure. In this respect, we believe that the reasons behind the failure of some member states to adhere is embodied in their lack of belief in the price structure, in the production shares, and in the method of share allocation. We have urged at more than one conference reallocating the production shares in accordance with a scientific and objective equation so that each member state may get its share of the production ceiling, with this share changing according to and by the same percentage of change in the production ceiling. It is well known that when the current shares were determined, the determination was made offhandedly and without relying on any fair scientific indicators.

Moreover, the current price structure does not allow all OPEC members to rely on a balanced competition base because some of the producers sell their oil production in the form of oil derivatives which are not basically subject to official pricing. Consequently, these members can sell these derivatives at the market prices, regardless of how low, and sell the rest of their crude oil production at the official prices, thus compensating with one thing for another.

Moreover, other member states produce types of oil that are basically not priced by OPEC, thus permitting these countries to determine freely the prices of their oils and make them compatible with the market prices. Furthermore, some members produce gas and concentrated derivatives, which are also not priced. Consequently, these countries can make up for their oil purchasers by selling them these derivatives at any price on which both sides agree. On the other hand, there are member states, such as Iraq, which produce nothing other than set-price crude oil. Consequently, they have no flexibility in the sale process and they cannot make up for the buyers of their oil by selling them oil byproducts at reduced prices or by selling them gas, concentrated byproducts, or other types of unpriced oil. This is why we find that the basis on which the price structure is founded is a basis that is not balanced for all. If we want to observe OPEC's resolutions on selling at the official prices, then the prices of all oil byproducts must be tied to the crude oil prices. Moreover, all types of oil produced by OPEC members must be priced because only then, when all will have a single competitive base, we will be able to compel all to adhere to the price structure and bring to account the members who fail to adhere.

These are the factors which, in their entirety, have crystallized the current conditions of the world oil market. We should add to them the pressures, maneuvers, and plots constantly hatched against OPEC to force a reduction in oil prices, especially through the measures taken by the various industrial countries and particularly through these countries' accumulation of a strategic store used as an ever-present instrument to put pressure on oil prices.

Fair Share and Price War

[Question] At their latest conference, the ministers discussed several alternatives and options concerning production and prices. Have your expectations been compatible with what is currently materializing, especially in connection with the statements and analyses asserting that OPEC has chosen the path of a price war against non-OPEC producers?

[Answer] In the debates at the latest conference, we did not wish to embark on a war of prices. We wish and hope that the non-OPEC producers will be convinced that OPEC's demand for a fair share of the market is an objective demand. They must discuss the means to achieve this demand with OPEC in order to avoid a price war. It is also no secret that implementation of the OPEC resolution, in case the non-OPEC producers fail to respond, can only be achieved with a price war which will, naturally, be damaging to all producers. We have hoped and continue to hope that the situation will not lead to a price war and that the non-OPEC producers will respond so that the issue may be studied jointly and the market may be shared fairly.

Now that the prices have dropped to the current level, there are positive signs from a number of oil-producing countries indicating their readiness to reduce production and to participate in a specific role with OPEC to tackle the situation. Meanwhile, a number of other countries are far from such a response.

All these issues will be studied in the five-member ministerial committee meeting which will be held in Vienna, the capital of Austria, early this month. The committee's resolutions will be presented to the special ministerial conference whose date will be set later.

Five-member Committee's Tasks

[Question] In the resolution forming the five-member committee, the latest ministerial conference defines this committee's tasks as those of examining the means capable of defining and protecting OPEC's fair share in the world oil market and of presenting a report containing the committee's conclusions to a special ministerial conference. What conclusion has the five-member ministerial committee reached so far?

[Answer] The five-member committee is entrusted with studying the means to implement the resolution of the latest ministerial conference to get a fair share of the oil market and to determine what this share is. The committee has not, of course, met yet. But experts from the OPEC member states have been meeting at OPEC headquarters since Wednesday, 29 January 1986, to prepare a report to be presented to the coming meeting of the five-member committee. This report will be the subject of the committee's discussions.

Production and Price Issues

[Question] What do you expect the OPEC share of the world oil market to be in order that it may be said that it is fair?

[Answer] The truth is that this share has not been determined yet. But what may be considered a fair share for OPEC members in this phase is expected to be limited to 18 million a day.

[Question] In light of the current oil glut, what is the volume of the oil surplus that must be absorbed in order to restore the balance between supply and demand?

[Answer] According to the reports we have received, OPEC's current production ranges from 17-18 million barrels a day. The non-OPEC producers are, of course, producing at their full capacity. If the non-OPEC producers play their role and undertake to reduce their production, we will be able to overcome the surplus available in the market and, consequently, will be able to insure stable prices.

[Question] So what can we note in connection with the sudden downward tendency of the oil prices? Does this reflect a transient and temporary phenomenon, or will the prices actually drop below the limits set within the framework of the OPEC price structure?

[Answer] It does not seem that the phenomenon is so transient and temporary that it can be said that the prices will again rise to be compatible with the levels set by OPEC. But on the other hand, this downward tendency of prices may be temporary because we will reach a state of balance and constancy far from the levels which the prices have reached, at which they currently stand, or which they may reach in the short period to come. Moreover, these prices will be relatively far from the official levels set by OPEC.

[Question] Concerning the special ministerial conference scheduled to be held, so far no date has been set for it. The five-member committee will determine this date. Meanwhile, it has been reported that the conference will be held in the middle of this month of February. Do you support a speedy holding of the conference or have the oil market developments been so insufficient as to make you support deliberation in calling for a convening of this conference?

[Answer] Under present circumstances, I believe that the special conference must be held as soon as possible. The middle of February, i.e., a few days after the five-member committee concludes its activities, is perhaps a suitable time for holding the special conference because the current conditions must not continue. Rather, the necessary steps and measures must be taken to deal with the situation.

[Question] Will the special ministerial conference focus on discussing current conditions and developments in the world oil market?

[Answer] Definitely, because the special conference is summoned to convene to discuss current developments by the degree of their connection with the task entrusted to the five-member ministerial committee, namely the task of pointing out the means to determine and defend OPEC's fair share in the world oil market.

Naturally, the oil market conditions and the acute developments accompanying these conditions constitute a major problem in comparison with which the other problems become subsidiary, even if only temporarily.

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IRAQ

TRADE MINISTER VIEWS 1986 IMPORT, EXPORT PLANS

Baghdad AL-THAWRAH in Arabic 4 Feb 86 p 12

[Interview with Hasan 'Ali, minister of trade: "Economic Stability and Prosperity Under Leadership of President Saddam Husayn"]

[Text] In view of the importance of the foreign trade plan to the entire national economy and to explain this plan's objectives and dimensions in 1986 and its role in bolstering economic capabilities in a manner that strengthens our decisive victories against the tyrannical clique in Iran, AL-THAWRAH interviewed Hasan 'Ali, member of the Revolution Command Council and minister of trade, so that he could tell us about the main features of the new foreign trade plan for 1986--a year characterized for our great people's struggle by the growing challenge in confronting the aggressors and in rising the economic and combat capabilities of our homeland, the homeland of the two Qadisiyahs and of Saddam Husayn, the extraordinary leader.

[Question] What are the bases adopted upon drafting the 1986 foreign trade--import--plan?

[Answer] In light of the instructions of the party's and revolution's central leadership, headed by struggler leader President Saddam Husayn, to secure local market needs and development and construction requirements, the plan was prepared according to certain bases that take into consideration the state of stability and prosperity in the supply of commodities. The most important of these bases are:

1. Priority of appropriation has been given to the importation of essential goods directly connected with the war effort, to the foodstuffs and essential consumer goods that directly affect the citizens' lives, and to the raw materials and semi-processed goods employed to utilize the production capacities of the industrial and agricultural production projects and service projects which play a major role in meeting local consumption needs and increasing out export capabilities. When determining priorities, consideration was given to securing the main consumer goods needed to meet family consumption requirements and to supplying the materials necessary for implementing the investment projects so that the building of the economy may continue in the state of stability experienced by the Iraqi market at present.

2. General import activity will be subjugated to the main task in the foreign trade sphere, namely the task of having imports complement national production in all the economic sectors (socialist, joint, and private sectors), not competing with this production. Supply criteria have been established to check local capabilities to produce various industrial and agricultural goods.

3. The importation of the reserve equipment and spare parts needed for repair and maintenance and for prolonging the life of machinery, equipment, and instruments will be insured.

4. The private sector's needs for raw materials and other production requirements will be met by giving priority to the essential, semi-essential, and luxury goods "according to their consumption importance."

5. To establish a balance between the quantity and quality of the commodity supply and demand and to prevent misappropriation in basic and semi-essential goods, the bases adopted included the principle of maintaining a proper supply of such goods for consumption and production purposes.

[Question] What controls will be adopted upon implementation of the imports plan?

[Answer] Within the context of our efforts which are devoted to implementing the new import plan and to achieving the best results possible, there are certain controls to which the authorities empowered to make the imports abide when implementing their import programs, taking into consideration the utilization of economic and trade agreements and the continuation of bilateral and multilateral cooperation relations with the various countries and putting the stress on importing alternative goods that meet the local consumption requirements and produce an economic yield. These authorities also take into consideration the ideal exploitation of foreign currencies and the obtaining of accurate data on the supply sources, prices in foreign markets, and fluctuations in the foreign currency exchange rates. This is in addition to enhancing the level of coordination in the external and internal shipping operations in order to handle the large volume of imports included in the 1986 trade plan.

[Question] What is your diagnosis of the most prominent features of the 1986 import plan compared to last year's plan, particularly in connection with the increases and the relative importance of the appropriations set by this plan?

[Answer] When comparing the 1986 import plan with the 1985 plan, one must note some fundamental changes which have dictated securing the commodity requirements of the economic projects in the various areas of economic activity. Practically speaking, this is reflected in the fact that the import appropriations for the agricultural and industrial production sector, including the socialist, joint, and private sectors, amount to 40 percent of the total import appropriations because the 1986 import plan takes into consideration the already-achieved and possible developments in all areas of our prosperous national economy.

The plan thus reflects the soundness of the party's and revolution's economic policy in developing the country's intrinsic production capabilities. A special importance has also been given to developing the education, higher education, scientific research, and health sectors. This is done in accordance with the leadership's decrees to increase the number of students enrolled in the various educational stages and to supply the scholastic requirements and laboratory equipment. The cooperative sector has also obtained a major increase amounting to 81 percent by virtue of this sector's importance and its contribution to production and consumption activity. This policy is in harmony with the instructions that call for spreading the cooperative movement to all parts of the country. In making the appropriations, consideration was given to securing the agricultural production requirements in adequate volume, including the machinery and equipment used in cultivation, and to supplying these requirements to the farmers. This is in addition to securing reserve equipment and spare parts for agricultural equipment and machinery.

As for the joint and private sectors, special attention has been given to their production activity by increasing the appropriations for joint industrial activities by 30 percent and for joint agricultural activities by 21 percent. Meanwhile, private industrial activities have gotten an increase of 27 percent and private agricultural activities an increase of 8 percent. This tendency is compatible with the increase that has developed in the production capacities, considering that national production is meeting an ever-increasing proportion of local needs.

In general, the prominent feature in the distribution of appropriations is the continuing leadership role of the socialist sector in the import activities and the tendency to apply the principle of specialization more and more extensively in foreign trade activity. Thus, 1986 will witness the application of the state policy of entrusting the task of importing agricultural products, including red and white meats and eggs, to the Public Grains and Foodstuffs Organization whereas these goods were previously imported by the agricultural sector. The Ministry of Trade's organizations and establishments will import typical and standard goods according to their functional and commodity specialization. This measure will contribute to enhancing the efficiency of the trade sector in general and to insuring that the needed goods are obtained in the required quality and quantity and on schedule.

[Question] There are a number of trade, economic and technical agreements concluded between Iraq on the one hand and the sisterly Arab countries and various countries of the world on the other hand. In what manner have these agreements been utilized to implement the objectives of the foreign trade plan?

[Answer] In implementing the party's and revolution's central policy, we have attached and continue to attach special importance to developing the economic, technical, and commercial cooperation with the sisterly Arab countries and various countries of the world so as to achieve greater accomplishments serving the joint interests on the basis of mutual benefits and to serve our national and pan-Arab objectives.

The channels of activity in the sphere of foreign economic relations have been bolstered and the positive tendencies of this activity have been strengthened by boosting and expanding the economic, technical, and trade cooperation committees that exist between our country and other countries in order to increase the volume of trade. Vast successes have been achieved in boosting the foreign trade exchange activity and in constantly opening broader horizons to diversify and develop bilateral cooperation relations. This has given us and continues to give us greater capabilities to implement the foreign trade import and export plan. In this respect, we must note the importance of the Baghdad International Fair and of Iraq's participation in foreign international fairs in strengthening the country's international relations and in developing and expanding the various spheres of cooperation.

[Question] What are the bases adopted in preparing the export plan according to the possibilities available for developing our non-oil exports?

[Answer] The 1986 export plan for goods produced locally has been prepared in light of principles focusing on the export of important commodities included in the exports list that is prepared annually so that we may utilize the production capabilities available for exports and may anticipate the marketing opportunities for Iraqi goods in the foreign markets, particularly the practical capabilities to exploit the opportunities made available by the economic and trade agreements concluded between Iraq and other countries.

The export agencies, including the Iraqi Public Exports Organization and its specialized agencies, work in cooperation with the various production sectors and exert maximum efforts to increase the volume and value of Iraqi exports and to subsidize these exports. They also exert ceaseless efforts to eliminate the obstacles facing the export activity and connected with the conditions of the war imposed on our country.

Within the framework of this tendency, we devote special attention to developing the patterns of coordination between the commercial and production sectors in order to maintain stability in the Iraqi goods designated for export and to develop their quality in light of the successes achieved last year in exporting fertilizers, sulfur, cement, and dates. Implementing the objectives and indicators of the 1986 export plan requires constant coordination between the production and marketing agencies, especially since the socialist sector produces more than 90 percent of the planned exports. The Iraqi Public Exports Organization also supervises the private export activity. We are seriously planning to encourage the export of agricultural products to the neighboring Arab countries, considering the good reputation that Iraqi products enjoy. The year 1986 will also witness a major increase in the country's exports of dates by virtue of this season's good crop. The volume scheduled to be exported this year amounts to twice last year's volume.

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ISRAEL

PAPER ANALYZES SYRIAN THREATS, INTENTIONS

Tel Aviv HA'ARETZ in Hebrew 14, 17, 18, 19 Mar 86

[Article by Ze'ev Shiff: "Do the Syrians Want War?"]

[14 Mar 86 p 13]

[Text] Syrian President Hafiz al-Asad, who does not normally give many speeches, recently delivered two militant speeches in which he sounded sharp threats toward Israel. He not only promised to liberate the Golan Heights, but also spoke of the possibility of occupying Israeli lands and destroying the country. In point of fact, al-Asad told the Syrian people that war against Israel is bound to come one of these days and that they must prepare for it.

This is not the first time that threats have been proffered against Israel and its people: in his time, President al-Sadat threatened war against Israel. The difference, however, is that President al-Sadat always combined his threats with logical suggestions for a political solution; al-Asad, on the other hand, does not mention peace. As far as he is concerned, political solutions would always have to be imposed on Israel.

Nevertheless, we must admit that from an objective viewpoint, al-Asad has a good reason to go to war: Israel has occupied a strip of Syrian land and even annexed it. However, al-Asad talks only of forcible solutions. For him a military solution is preferable, while political accord is only a stage toward the military solution. Moreover, the return of the Golan Heights is not al-Asad's main objective, rather it is the establishment of a Palestinian state. The Golan Heights is not a pressing issue for him. American references, including those of President Reagan's in his letter to al-Asad, that the Golan is included in the territories from which Israel's withdrawal should win a peace agreement, elicited no reaction from Syria. Damascus certainly took note of the fact that Washington is willing to take action on behalf of the return of the Golan heights, and may consequently serve as a mediator in the case of renewed fighting in that area.

Economic Crisis

And here is al-Asad threatening that a war for the Golan Heights will end with that area "at the center of Syria, not at its borders." What has suddenly

occurred? Two events preceded the first speech at the opening of the Syrian National Assembly: the rebellion in Egypt, and the anti-Iranian demonstrations during his visit to the Golan. Both events were mentioned in the speech, especially the one in Egypt. The Israeli media did not report, for example, that the first speech included lengthy references to the economic crisis in Syria. That came at the beginning of the speech, and al-Asad emphasized that Syria's primary objective is to "continue the actions to build a strong economic base." It emerges that the economic crisis, which has been continuing for some 4 years, is very serious and is threatening the Syrian regime and society.

The shortage of foreign currency is so great that Syria can hardly finance up to 15 days of imports. The real drop in the gross national product has been continuing since 1983 at a worrying rate. Revenues from oil and oil products are dropping, as are remittances from Syrians employed abroad. Income from Arab countries have also been seriously reduced--from \$1.6 billion in 1981 to \$700 million in 1985. Those troubles were also exacerbated by the serious drought of the past 2 years. On the other hand, the military budget has been rapidly increasing in past years. In 1982 it made up 11.5 percent of the national budget, while in 1984 it was 15.5 percent of it. Foreign debts are also rapidly increasing: to the Soviet Union alone Syria owes some \$2 billion, plus another \$11 billion for arms purchases. The crisis is reflected, among other things, in a shortage of raw materials and spare parts. What this means for the individual citizen is shortage of basic foodstuffs, including bread and oil, a black market, long lines, and smuggling.

Al-Asad and his 'Alawi group are required to explain this difficult situation to the people. One of the ways of doing it is to channel mass pressures outward by exaggerating the threats against Syria and adopting extreme foreign policy positions. The best excuse for the economic crisis is the need to stand up to Israel, and consequently the need to mobilize huge resources for security. That also helps to mobilize the people behind the regime. Some people claim that the economic crisis will prevent al-Asad from becoming embroiled in military adventures, but there is no guarantee that this view will hold. Egypt, too, was in an economic crisis when it went to war in 1973. The crisis will certainly delay Syria from achieving what it calls a "strategic balance" with Israel, but it does not necessarily preclude military action. The crisis may push al-Asad into a military adventure designed to divert the nation's attention from his troubles at home, provided he is certain that the price of the adventure will not be too high.

Provocation Through Third Parties

Before we answer the question whether the Syrian army can take the IDF by surprise and mount a military campaign that would bring it gains, we should point out various events which show that Syria intends to bring military pressure to bear on Israel. Actually, the Syrians can claim that the pressures come from Israel, and that they were only reacting to steps initiated by us. It was Israel that downed Syrian planes on Syrian territory; it was Israel that intercepted an aircraft carrying senior Syrian officials, including the secretary of the Ba'th Party.

The situation in the field looks different in Israel's eyes. Syria has deployed anti-aircraft missiles at the Lebanese border threatening Israel's reconnaissance flights, which are viewed as a strategic-defense necessity. According to foreign press, those missiles are restricting to Israel. Syria finances and assists many of the terrorist actions in the north. Those actions are not directed only against the security zone on Lebanese territory. The group that was destroyed (belonging to the Democratic Front) had been trained in Syria and its purpose had been to penetrate into Israel and carry out killings and kidnappings. Al-Asad himself admitted that Syria mobilizes and encourages suicide missions against IDF forces.

In other words, the Syrians organize provocations against Israel's current security. Some of those actions are carried out by third parties, but even so the Syrians seem to want to tell us that they have great self-confidence and are not afraid of expanding the scope of incidents with the IDF.

[17 Mar p 7]

[Text] Al-Asad will not take the great risk of ordering his army to attack Israel without being certain that Syria can carry off such a war, secure gains, and hold on to them during the second stage and until the end of the war. Another important condition for success in the war concerns Syria's ability to take Israel by surprise. The surprise element is no less important than the strength of the attacking force. It is clear that the Syrians will make extraordinary efforts to mislead Israeli intelligence, to dull its alertness, and to diminish to a minimum its capability to penetrate Syria. The Syrian effort to prevent Israeli reconnaissance flights in Lebanon's skies is also connected to this contest. In this article we shall first consider the question whether the Syrians can take Israel by surprise.

The answer to this vital question is positive. Yes, the Syrians have the capability to surprise Israel. The basic conditions are such that they can take us by surprise despite the fact that we were badly burned when the Egyptian and Syrian armies mounted a surprise general attack in the Yom Kippur war, and despite the fact that several of our leaders have publicly promised that such a failure will not reoccur. The question is what kind of surprise. A former intelligence man, Col (R) Yo'el Ben-Porat, is right when he says that we are not talking about a strategic surprise. President al-Asad has already clearly declared to the world that he means to fight Israel and that he is preparing his people and his army for that. In other words, Israeli intelligence and the defense leadership are aware that this is Syria's strategic objective.

Consequently, the surprise concerns the timing of the attack, the operational method, the kind of warfare (attrition, etc.), and the scope of its objectives. Although President al-Asad has told us what his intentions are, in my opinion Israel can be taken by surprise in one or several of the above elements. It does not have to happen, but it is definitely possible.

Without the Usual Signals

We must remember that in Syria's regime only one man decides if and when the country goes to war. His general staff may recommend one thing and al-Asad can order an entirely different plan. He does not have to apprise even his own general staff of his decisions until the very last stages. This system is totally opposed to the decisionmaking process in open, democratic regimes. For that reason it is very difficult for intelligence to determine in advance the attack timing of an army commanded by a ruler like al-Asad. That is even more valid if most of the war plans are worked out far in advance. The more narrow the pyramid of the decisionmaking factors, the more difficult it is to distinguish unusual decisions. This is also the reason that we failed even to guess at President al-Sadat's decision to go to Jerusalem.

The Syrians's method of action can also take Israel by surprise. Note that the situation that has developed in the Golan Heights is similar to that which existed along the Suez Canal on the eve of the Yom Kippur war. The large Egyptian regular army was deployed very close to IDF lines. That may have made IDF observations easier, since they could see what was happening across from them (although it did not help change the intelligence estimation that the Egyptian army was not preparing to attack), but on the other hand it permitted the Egyptian army to mount a general attack across the entire length of the line from its permanent positions, without having to make any prior big changes. The Egyptians mounted the assault from their existing lines, and that was part of the surprise element.

A similar situation has developed in the Golan Heights. There is no waterway there, but there is the fence zone, which is easier to cross. The two armies are deployed one across from the other, face to face, within short range. Like the Egyptian army in 1973, the Syrian army has massed its main armor force (5-6 divisions) across from us. It does not need many prior preparations or concentration of forces, which may otherwise reveal its intentions, in order to be ready for war. From past experience with such situations we must conclude that the Syrian army in its present force can begin to move straight from its lines and camps in the Golan Heights to a general armor attack.

The conclusion is that because of the abovementioned deployment, some of the early signs of preparations for impending attack may not be there for the other side's intelligence to spot. Moreover, the development of weapons systems has also caused some of the early signals, on which every intelligence used to base its estimations in detecting war preparations, gradually to disappear.

We Should Assume the Worst

Currently the Golan Heights is covered by obstacles erected by both sides: anti-tank trenches and tunnels, mine fields, and all sorts of reinforcements. Breaking through those obstacles is difficult and may turn out to be very bloody. Consequently, it is to be assumed that the attacker would seek various circumventing methods so as to take the enemy by surprise. The Syrians do not have to begin their attack by an armor assault or movement. They may begin by opening fire from the rear, particularly with missiles, designed to neutralize

airfields, command posts, emergency storage units, and so forth, and to disrupt the mobilization of reserves and the rapid flow of those forces to the Golan Heights.

They can seek a different method than the one employed in 1973: for example, intensive use of infantry and commando units, which can steal in under cover of darkness and occupy positions behind the Israeli lines and at various crossroads. The fact that the Syrians have established villages along the border where they keep commando troops may indicate such an inclination.

The acquisition of a large number of helicopters and the formation of dozens of regiments of special forces may also indicate an intention to fly those forces over the Israeli forward obstacles and lines.

If indeed the Syrians' intention is to isolate the battle field rapidly and prevent the rapid arrival of IDF reserve troops, and in the meantime to take swift possession of the area, then we must take into consideration the fact that they would try to spring on us airborne forces landed from helicopters. The Syrians could, of course, combine elements of each of those attack methods and additional ones. It is possible that their intentions and preparations would be discovered in time by Israeli intelligence. But even if my belief that we can be taken by surprise is mistaken, one must assume that the worst is the most likely to happen, and on that basis we must build the IDF plans and reactions for after the fact.

[18 Mar 86 p 9]

The assumption popular among many in Israel and also among foreign experts is that al-Asad would not dare to start a war against Israel without first securing the participation of one other Arab country, at least in the attack. Such an alliance in war, as was the case between Syria and Egypt in 1973, is most important from the viewpoint of the Syrians, but it is certainly not to be seen as a standing requirement without which Damascus would not begin one or another form of war. The entire Syrian military build-up was planned and designed so that the Syrian army can face the IDF by itself. That is the essence of the Syrian concept of a strategic balance of forces. The war model that the Syrians most glorify and extol is the war of attrition that they waged against Israel in the Golan in 1974. In that contest, they claim, they stood alone against Israel, without any Egyptian assistance. They succeeded in putting pressure on Israel, and the clashes even resulted in gains (the ceasefire accord under which they regained al-Qunaytirah and the Syrian Hermon).

Voices claiming that Syria is approaching the point at which it can stand against Israel by itself are heard increasingly loudly in that country. What is the basis for that assumption? It would seem that the most weighty is the Syrian appreciation that Israel is in a process of weakening. The IDF still holds the military superiority, but it has reached the limit of its growth. The Israeli nation does not have long staying power, and the proof of that is its exaggerated sensitivity to losses. The State of Israel is a combination of a weak society and a strong army, but the military strength will progressively weaken, and one should erode it and thus hasten the sapping process.

The Scope of Gains in Strength

Against that estimation stands the reality of the Syrian defeat in 1982. Judging by all signs, that is not the opinion of the Syrian generals. They view the lessons of the Lebanon war differently. They have convinced themselves that they never were defeated in 1982. They do recognize the failure of the Syrian air force and anti-aircraft missiles, but they present it as a limited failure from which they have learned important lessons for the greater contest. Most of their self-confidence is derived from what happened, according to them, in ground battles. They explain that, although Israel had absolute superiority in the air, their ground forces stood their ground for a considerable length of time, even though the IDF had more forces and units in the field. The Syrian withdrawal was more orderly than in any previous war. From here comes their conclusion that they are going in the right direction in their military build-up and that all they have to do is intensify it.

The intensification of Syria's strength is indeed impressive in its scope, fire power, number of maneuvering units, sophisticated weaponry, and the new fields they have mastered. What are the new or particularly improved elements since 1982? Most prominent is the long-range or, more precisely, "strategic arm." This arm includes long-range anti-aircraft SA-5 missiles, sea-to-sea missiles with a range of about 300 km from the Syrian shore, and the precise SA-21 missiles that have been added to the Scud and Frog missiles.

This missile system is primarily designed as a deterrent to the Israeli air force, but also to neutralize sensitive targets such as airfields and mobilization and equipment centers. The anti-aircraft missile system has also been greatly bolstered, and the number of batteries exceeds 160. Thus, Syria currently has better air protection than in the past. The Syrian air force is larger than that of any other Arab country and has more than 600 aircraft. It is also scheduled to receive the sophisticated MIG-29. The addition of helicopters (a total of over 200) points to an interesting trend concerning both assault units (commando forces have been increased) and the use of fighter helicopters.

In the area of sea warfare, Syria has primarily acquired submarines. We are only talking about two old submarines, but they give the Syrians a new attack capability. To those will be added missile boats, Corvettes, advanced missiles, and improved sea-to-sea missiles.

Russian Assistance

The ground forces have been considerably developed. The Syrians have 10 divisions, 5 of them armored. The divisions also comprise a larger number of brigades. The Syrian army has a total of some 4,000 tanks and an increasing number of mobile artillery guns. Its anti-tank strength has greatly increased. The reserve forces have been increased and their exercises have expanded. Since the war two corps commands have been established over the field forces. Today the Syrians can easily hold two fronts (the Golan and Lebanon), something they had difficulty doing in 1982. They also have stockpiles of

reserve equipment, and they have taken care to establish dual systems of sensitive networks such as electricity, water, and so forth.

This strength has been built up particularly with Russian help (although material has also been purchased in Europe: French helicopters, or British armored cars and sophisticated mine dismantling equipment). It is doubtful whether the Soviet Union would look favorably upon a Syrian military adventure that may jeopardize al-Asad's regime. Nevertheless, al-Asad will not predicate his decision to go to war on prior Russian agreement. Damascus certainly assumes, and rightly so, that whatever happens Moscow will not allow a crushing Syrian defeat on Syrian territory. Even if al-Asad defies it, it is doubtful whether Moscow would withhold speedy aid in time of trouble.

All that explains Syria's heightened self-confidence. We increasingly hear from Syria that it has achieved a strategic balance in the area of defense against Israel; Israel's freedom of movement has been narrowed, and therefore it has fewer thoughts of attacking Syria than in the past. However, despite all the declarations, the Syrian army top brass are aware of the fact that Israel is still dangerous and can still stage surprise moves if its vital interests are affected. The question is what risk al-Asad will be willing to take once he estimates that the strategic balance stretches to the attack capability of his army, and that Israel has lost its military superiority.

[19 Mar 86 p 7]

In the previous articles we came to the conclusion that the Syrians have the motivation and urge to go to war against Israel; that their military strength has increased; that they have the capability to take us by surprise in one way or another, and that we should not be guided by the assumption that unless they have a military partner in the Arab world they will not dare to attack. In this connection, we should ask ourselves three basic questions: What is the Syrians' objective military capability to secure gains and to gain the upper hand over the IDF? Have we reached the red light from the viewpoint of timing, and is al-Asad thinking of war in immediate terms? What is the best deterrence that Israel can activate against al-Asad and the Syrian regime?

In view of the military and geographical conditions, it seems to me that the Syrian army can today successfully achieve territorial gains in the Golan Heights. For example, they can capture positions or settlements (as they did in the 1973 war, when they occupied the Hermon) on the assumption that after the fact Israel will refrain from an all out war to retrieve them. I give the Syrian army even greater credit and I am positive that in certain circumstances it can attain greater operational achievements than merely grabbing land in the Golan Heights, even though it would have to break through difficult obstacles. But in such a case they cannot rely on the assumption that Israel would put up with it. That would mean an extended war, and not necessarily a war of attrition, as Damascus perhaps expects. The greater the initial Syrian operational achievement, the greater the Syrian risk of a more drastic Israeli reaction in the second stage. Israel would not hesitate to throw into battle its entire military strength if the blow inflicted on it is indeed heavy.

To wind up this question we must add that the Syrians can secure military gains in the Golan Heights, particularly if they succeed in taking the IDF by surprise in the initial blow. Nevertheless, Damascus will embark on a military adventure only if it can assume that the risk involved in the military action is not great, or that the gain is considerable from their viewpoint (such as occupying an area and holding it, inflicting heavy losses on Israel, and gaining prestige in the Arab world).

Erosion of the Israeli Deterrent

Does al-Asad believe that he has reached such a stage and that the timing is right? His two militant speeches have recently given us the impression that al-Asad has taken a step forward. In my opinion, we have exaggerated the meaning of the two speeches and have hastened to read military signals into them. In principle, this is the trend of the Syrian build-up, but for the moment Damascus is not seeking to initiate a military contest.

It would seem that from the viewpoint of timing and order of priorities, Syria's attention is focused more on what is happening between Iraq and Iran, and Damascus is waiting to see what the next stage will be in that war. Rather than speculating on how to start a war against Israel, the Syrian leadership is currently more concerned about its future in the case that al-Asad's illness progresses (recent reports say that he can hardly see with one eye), in which case the internal power struggle will intensify, even within the 'Alawi community itself.

It is difficult to tell how long this perception will last. On the one hand, one can almost certainly assume that Israel's deterrence against Syria has been eroded to a greater or lesser extent in the Lebanon war. In recent years, what we used to call Israel's red lines have also been eroded. Israel's image has been weakened. On the other hand, the Syrians can gauge Israel's strength more accurately than some of their Arab brothers. They know that Israel does not want to appear weak in the eyes of the Arabs and that if it finds itself with its back against the wall it will react energetically. For example, Israel does not want once again to be stuck in the Lebanese mire, but when its vital interests are affected (like the kidnapping of two soldiers in southern Lebanon), it does not hesitate to react immediately and in great strength.

A Chorus of Declarations

From past experience it can be stated that when the Syrians estimate that the force pitted against them is strong, they are willing to set game rules (but not official accords) and to observe them. Such game rules were established when the Syrians invaded Jordan in 1970, or at the time of the ceasefire accord after the 1974 war of attrition, or when they sent their army to Lebanon in 1976. It was not the Syrians who violated those rules, but Israel, when it shot down Syrian helicopters in 1981.

In order to prevent the erosion of the Israeli deterrence, we must ensure that al-Asad and his aides know that Israel has a great military force which thinks and plans in terms of offensive, too; they must know that despite the increased Syrian strength, they can be taken by surprise (also considering our

technological capability) on the battle field just as we took by surprise the Syrian anti-aircraft missile system in 1982; they must know that in an emergency, Israel would not refrain from taking extreme and uncommon steps; and that in an all-out war al-Asad will jeopardize his regime and the 'Alawi rule of Syria--a fact which may be welcomed in several Arab countries. However, we must take care not to push al-Asad into a corner and must be careful of his prestige and the prestige of his regime. This is an area in which we are not cautious. Whenever there is tension, there immediately rises in Israel a chorus of uncoordinated declarations and statements, by both political and military factors, probably unauthorized, as was recently the case.

Will such a deterrence always work? One cannot tell. By nature, deterrence is not something permanent that can stand forever without change. The difficulty in Israel's deterrence against Syria is that Damascus will not be willing to accept the status quo forever, both in the Golan and in Lebanon. Neither is it willing to accept separate political accords concluded by other Arab countries with Israel, leaving Syria on the outside, as was the case with the Camp David agreements. For that reason, Israel's intelligence community must be permanently on the alert, while the IDF must prepare itself for every possible military scenario.

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ISRAEL

HAZARDS OF BE'ER SHEVA' TOXIC CHEMICAL PRODUCTION DISCUSSED

Tel Aviv DAVAR in Hebrew 13 Mar 86 p 10

[Text] A truck loaded with chemicals leaves the Be'er Sheva' train terminal around midnight on its way to one of the plants in the Ramat Hovev district south of the city. At Derekh Haharoshet junction, near the supermarket of Subdivision C, it collides with a car and its container is cracked. All 21 (metric) tons of the chemical it is carrying--di-methyl-sulphate--is spilled. Most of it catches fire. The easterly wind, which is then blowing at 7 km/hr, disperses the chemical toward the subdivision, one of the most populated in Be'er Sheva'. About 5 minutes later there is a concentration of the chemical at the intersection of Qalisher and Hanatziv Streets. If the accident is not treated promptly, the media will announce hundreds of casualties. This frightening scenario, imaginary as it may sound, is not too far fetched. It is but one example of an accident that may happen in Be'er Sheva'. A committee of experts, headed by Dr 'Ido Levin, and appointed by Mayor Eliyahu Navi, is warning against such accident. It was appointed to examine the transportation of toxic substances through the city and the effect this may have on the population. The abovementioned chemical is indeed transported through the city every other week, in the amounts described. The intent of those who wrote the scenario, according to Dr Levin, was to warn against the danger of transporting toxic substances through populated areas. The dimensions of such an accident were recently brought home in Bhopal, India.

Actually there is no need for imaginary scenarios. Reality can provide many such examples. The truck which overturned on 11 November 85 on the Be'er Sheva'-Bet Qama road was carrying 17.5 (metric) tons of a dangerously toxic chemical, which causes tearing and coughing and later damages internal organs as well. The travel code was defined as EP-2, meaning that the truck carried a combustible chemical and in case of an accident people in the vicinity have to be evacuated. Negev fire chief Avner Mordekhay says: "The truck overturned on soft soil and turned on its right side. This is the only reason it did not crack and there was no leakage. Had it overturned on the road, the chemical would have evaporated quickly following the explosion and the whole area would have been poisoned." According to him, had the truck overturned in the heart of the city, most of the residents would have to have been evacuated.

Dozens of trucks loaded with toxic substances from all over the country go to Be'er Sheva' weekly and from there they proceed to the national site for

storing toxic wastes, located in the industrial complex in Ramat Hovev, about 12 km south of the city. They carry cyanides, mercury, and sulphuric acid. The main problem at this stage is that there is no facility to neutralize these toxic substances. They are just buried there. The danger of their leaking into underground water reservoirs is very real. According to the Mivney Industries company, which is responsible for the site, the amount of toxic wastes produced in Israeli factories is about 30,000 (metric) tons annually. Most of it is dumped in Ramat Hovev, via Be'er Sheva', without a circumventing road. The substances come from Haifa Bay, from Jerusalem, from Gush Dan and Ashdod.

The environmental problems in Be'er Sheva' are among the most serious in the country. The conditions described above are augmented by odors, dangerous in themselves, originating from chemical plants in the region, especially Makhteshim, where fertilizers are produced. The plant dumps thousands of cubic meters of polluted water into the Be'er Sheva' stream. A large amount of this water cannot be recycled because of the high toxic concentration. The water mixes in the stream with polluted water from other plants. It is doubtful whether there is any supervision over what is going on there. The damage caused to the natural setting in the stream and its surrounding is irreversible. Damage to underground reservoirs, into which water from the stream seeps, is very serious. It will take many years to remedy the damage, if it can be done at all. There are several sites within the city, especially near the train terminal, where there are warehouses for the storage of toxic substances. Many owners of these warehouses do not report, as required by law, on the nature and amount of the materials they store. If these substances should leak, and there were such instances not too long ago, the fire fighters and Red Star of David do not have the information so they can deal with the situation promptly and effectively.

Many Be'er Sheva' residents are very concerned over this. A local, non partisan committee was formed recently to address the problem of improving the environment and reduce the ecological dangers to the region. "We vehemently oppose turning the Negev and Be'er Sheva' into the nation's trash can," says chairman Udi Levi. The committee recently sent a letter to Mayor Eliyahu Navi and to the regional Health Ministry physician, Dr Viola Tarq. In the letter the members warn that if all those involved do not take prompt steps to reduce Be'er Sheva's pollution, the committee will take them to court. Writer Aharon Apfelfeld, who teaches literature at Ben Gurion University in Be'er Sheva', says: "Residents of the city are apparently not aware of the seriousness of the ecological problem. This is a cumulative danger, whose destructive effects will only become clear after many years."

Be'er Sheva's mayor, Eliyahu Navi, has been carrying on a public campaign for years against locating the dump site so close to the city and against transporting toxic chemicals through it. Up to now his struggle has not borne any fruit. "National authorities have to deal with the transportation of toxic substances," says Navi. "They have to have the proper legislation. The most serious problem is that of transporting these wastes through the city. It is doubtful whether Ramat Hovev is the best place to store toxic wastes."

Geologists and hydrologists from Ben Gurion University do indeed contend that the Ramat Hovev site is an ecological danger to the whole region. Prof Dov Bahat, a geologist, disputes the common assumption that the rocks in Ramat Hovev seal the toxic chemicals. According to him, any contact by the chemicals with local rock may cause seepage, which will be followed by an ecological disaster. In a document, submitted recently to the mayor by Prof Arye Isar, the 1985 Bergman Prize winner, he stated unequivocably that the Ramat Hovev site is not suitable for storing toxic wastes. Prof Isar, a hydrologist of the Desert Research Institute in Sede Boqer, also points out that the toxic substances may leak into underground resevoirs. "The site was chosen, I think, in a process of compromising what is desirable to what is available. It is not too late to find another site," he wrote in his document.

In an article published about 6 months ago in HABIYOSFIRA, by the chairman of the Ecological Service, Dr Uri Merinov, he listed many shortcomings in treating toxic wastes in Israel. According to him, the term "toxic wastes" does not even appear in Israeli legislation. Says Merinov: "There is no complete data on the cycle of chemicals in Israel -- import, production, uses, transportation, wastes. There is not enough data on the ways to prevent chemical accidents. There is no awareness of how to deal with an accident and there is no organizational framework. There are no trained people, there are no clear directives for plants and institutions, and there is no supervisory system. There is no plant for the removal and neutralization of toxic wastes. "The time for research and surveys is past," sums up Dr Merinov. "We have conducted many of them in the past decade. Now is the time for action."

8646
CSO: 4423/97

ISRAEL

BRIEFS

RELATIONS WITH POLAND--An Israeli official was due to arrive in Warsaw within a few days in order to complete negotiations with the Polish government on opening missions in both countries. The official was to discuss technical and organizational details related to the opening of the Israeli mission in Warsaw, as was agreed upon several months ago. In the discussions held then it was agreed that the delegations in Warsaw and Tel Aviv will consist of several people. The Israeli delegation to Warsaw is to be headed by veteran diplomat Mordekhay Paltzor. It is estimated in Jerusalem that the missions can be opened within a few months. Contacts to that effect have been renewed in recent days, following several months in which Israel awaited approval of its designated diplomat to Warsaw. The question of opening the missions was brought up when Deputy Prime Minister and Foreign Minister Yitzhaq Shamir met with Polish Foreign Minister Stephan Olszowski last September. Following the meeting there were some more contacts through the embassies of both countries in Bonn. Discussions were suspended with the appointment of the new Polish foreign minister. [Text] [Tel Aviv MA'ARIV in Hebrew 14 Mar 86 p 2] 8646

LIBERAL CENTER PARTY APPOINTMENT--Yosef Lapid, a member of the editorial staff of MA'ARIV, was appointed secretary general of the Liberal Center Party yesterday. Lapid, 55, will assume his position on 1 April 1986. [Summary] [Tel Aviv MA'ARIV in Hebrew 27 Mar 86 p 12 TA] /9365

INCREASE IN ARAB EDUCATION--An improvement has been registered in the educational level of the Arab citizens of Israel. According to an Education Ministry survey, the number of Arabs with high school or academic training has risen fivefold since the early 1960's and the number of Arab students who have passed the matriculation examinations has gone up by 10 percent since the early 1970's. [Text] [Jerusalem Domestic Service in Hebrew 1400 GMT 24 Mar 86 TA] /9365

CSO: 4400/147

KUWAIT

GOVERNMENT ATTEMPTS TO CUT ELECTRICITY SUBSIDIES

Beirut AL-IQTISAD WA AL-A'MAL in Arabic Feb 86 pp 56-57

[Article: "Kuwait: From a Prosperity Society to a Society of 'Rationalized Expenditure'"]

[Text] Kuwait, too, is embarking on the battle to lower subsidies, thereby joining a long line of countries, some of which have been able to eliminate or reduce government subsidy for strategic major commodities, while others have failed because of popular rejection. The significance behind Kuwait's attempt to lower principally the subsidy on electrical power is that Kuwait, while still a rich country, in spite of the fall in its petroleum revenues, is nevertheless planning to retreat to a moderate degree from a "prosperity society" to a society of "rationalized expenditure." Here is a report on the government's attempt to raise electricity prices, an attempt that is being rejected by the National Assembly.

Recently, something of a crisis erupted in Kuwait between the government and the National Assembly over a bill to increase electrical power prices according to brackets of consumption. The bill would maintain electricity prices as they are for a limited quantity of consumption, while raising them by a large percentage for those who use electricity excessively. The government was moved to present this bill by the enormous financial burdens that have resulted from the great increase in the consumption of electrical power. As a consequence of this increase, extremely costly new generating stations and installations have been constructed, and the cost of production has risen 13 times more than the price of power. Finally, oil revenues are expected to decline in view of the givens of the current petroleum market. The proposed bill comes within the framework of a general plan calling for the imposition or raising of fees on most public services, with the goal of effecting a general rationalization in the use or consumption of public services. This would mean a qualitative transition from an age of "prosperity" to an age of "rationalization."

The government position on the subject of fees and the justifications for an increase in them can be summarized as follows:

1. There has been an increase in the burdens borne by the state in return for providing various services at an adequate level with the aim of maintaining a "prosperity society" that affords its members an appropriate standard of living.
2. The burden borne by the state in domestic public expenditures has expanded at record rates during the last 15 years (1970/71 to 1984/85). Its size at the end of the period, at current prices, had reached 13 times what it had been at the beginning of it: 3.045 billion dinars in 1984/85, compared with 238 million in 1970/71, i.e. a 20 percent annual rate of increase.
3. The average per capita share of domestic public expenditure rose from approximately 312.4 dinars in 1970/71 to approximately 1,819.2 dinars in 1984/85, i.e. by a factor of six, for an annual rate of increase of 13.4 percent.
4. Capital costs have increased, especially those connected with electricity and water projects. Total capital costs borne by the state for constructing service projects during the last 5 years amounted to approximately 3.055 billion dinars. Of this amount, approximately 1.318 billion dinars were for electricity and water, 456 million dinars for roads and sewers, and 118 million for telegraph and telephone.
5. Funding of public expenditure has until now depended on oil revenues, not on receipts deriving from other income. During the last 10 years, other public receipts, deriving from service fees or taxes, covered no more than 8 percent of public expenditures in the state budget annually on the average.
6. If the expected fall in oil prices materializes, it may mean that the state will be unable to bear the increase in the accumulating burden and to provide various services.

The National Assembly position on the subject of fees can be summarized in the following points:

1. Sufficiently detailed statements about these fees have not been presented, nor have detailed justifications supporting an increase in them at the present time been published.
2. The impact of such fees on the living standards of people with limited incomes has not been taken into account, especially since more than 80 percent of the population of Kuwait, both residents and citizens, are classified as families with limited income.

The government justifies the increased fees for services by the increase in consumption, on the one hand, and by the increase in production cost, on the other hand. As published recently, the estimated production cost of a unit of electrical power has increased from about 6.5 fils [1 dinar=1000 fils] per unit supplied to the consumer in 1979/80, to about 26.5 fils per unit supplied to the consumer in 1983/84. At the same time, the ministry several times in past years proceeded to introduce successive reductions in the selling prices for electricity, so that its price dropped in several stages from the

equivalent of 28 fils per unit in 1953, to 2 fils per unit in 1966, which remains the effective rate up to the present. In other words, the government subsidizes the price of a unit by 24.5 fils.

The sharp drop in the selling price of electricity coincided with a rapid growth in demand for electrical power. This was reflected in a more than tenfold increase in average per capita consumption between 1957 and 1984. It is also to be noticed that this increase accelerated in recent years, with the increase in oil revenues and the change in the pattern of living in the country.

The rising patterns of electricity consumption imply a noticeable amount of waste, extravagance, and misuse exceeding the levels prevalent in other areas of the world with climatic conditions similar to those of Kuwait (high temperature and high humidity most days of the year).

On the other hand, the drop in the level of oil production has had a direct effect on production costs. Until the end of the seventies, the basic fuel was the natural gas that is associated with extracted oil. The Ministry of Electricity was supplied with it free of charge, and the surplus used to be burned.

However, after a gas liquefaction plant was put into operation in 1978, and with the decrease in production and export of oil (and therefore of gas), the ministry began to use increasing quantities of various liquid fuels (diesel, crude oil, and heavy oil) to supplement the fuel needed to operate the generating stations in Kuwait. In 1984, the quantity of liquid fuel consumed amounted to approximately 22 million barrels, in addition to approximately 60 billion cubic feet of gas, at a cost of approximately 210 million dinars. As we have mentioned previously, this was reflected in the actual cost of producing a unit of electrical power.

The proposed price schedule is based on total consumption, in accordance with the following brackets.

For residential houses belonging to citizens:

--First bracket: 2 fils per kilowat (approximately 27 percent of cost to the government), unchanged, for consumption of [up to] approximately 4.500 units of power per month;

--Second bracket: 7 fils per kilowatt for private residences, for a consumption level from 4.501 to 8.000 units per month;

--Third bracket: 12 fils, for more than 8.000 units per month.

For residential apartments:

--First bracket: 2 fils per kilowatt, for up to 1.500 units per month;

--Second bracket: 7 fils, for between 1.501 and 3.000 units per month;

--Third bracket: 12 fils, for more than 3.000 units per month.

For industrial establishments:

- First bracket: 2 fils, for up to 25,000 units per month;
- Second bracket: 7 fils, for from 25,001 to 50,000 units per month;
- Third bracket: 12 fils, for more than 50,000 units per month.

Small industrial establishments, government agencies, and social institutions subsidized by the state are exempt from the increase.

According to the proposal, the new price schedule will go into effect starting 1 April 1986. The size of the brackets was determined after statistical studies of actual consumption rates for large samples of various kinds of residence and of the power consumption of many kinds of machinery and equipment.

Experts and observers have made a number of observations about the proposed bill:

1. Application of the price schedule starting 1 April 1986 will have a direct impact on the extent to which the National Assembly accepts the principle of applying fees for other government-provided services: public health, free medical care, schools, as well as the policy of subsidizing many foodstuffs.
2. The proposed increase will make citizens [and] residents feel the value of state-provided services. It will make them feel the importance of conservation and of rationalizing the use and consumption of commodities and public services so as to reduce waste in their use.
3. The expected drop in oil prices will affect the government's ability to confront the increase in government expenditures, especially high capital outlays, not to mention the running expenses borne by the government in providing public services. Expenditures for electricity and water have reached approximately 20 percent of total state expenditures.
4. The new price schedule will save more than 1 billion dinars (3.42 million) in fuel costs, and a total of 410 million dinars (\$1,370 million) [all figures as printed] in construction costs over the next 15 years, 1986-2000. At the same time, it will help raise approximately 740 million dinars in additional fees.
5. In the short run, the proposed increase will lead to an increase in the daily difficulties that both residents and citizens face on account of the economic slump and the drop in the level of revenues, which have reduced their ability to save and their purchasing power. It will also adversely affect economic activity. The results will be most evident in the situation of non-Kuwaiti residents.

12937/12790
CSO: 4404/251

AFGHANISTAN

LIMITS OF SOVIET STRATEGY EXAMINED

Paris POLITIQUE ETRANGERE in French 4th quarter 85 pp 871-882

[Article by Olivier Roy, director of research, CNRS [National Center for Scientific Research]: "The Soviet Strategy in Afghanistan and its Limits"]

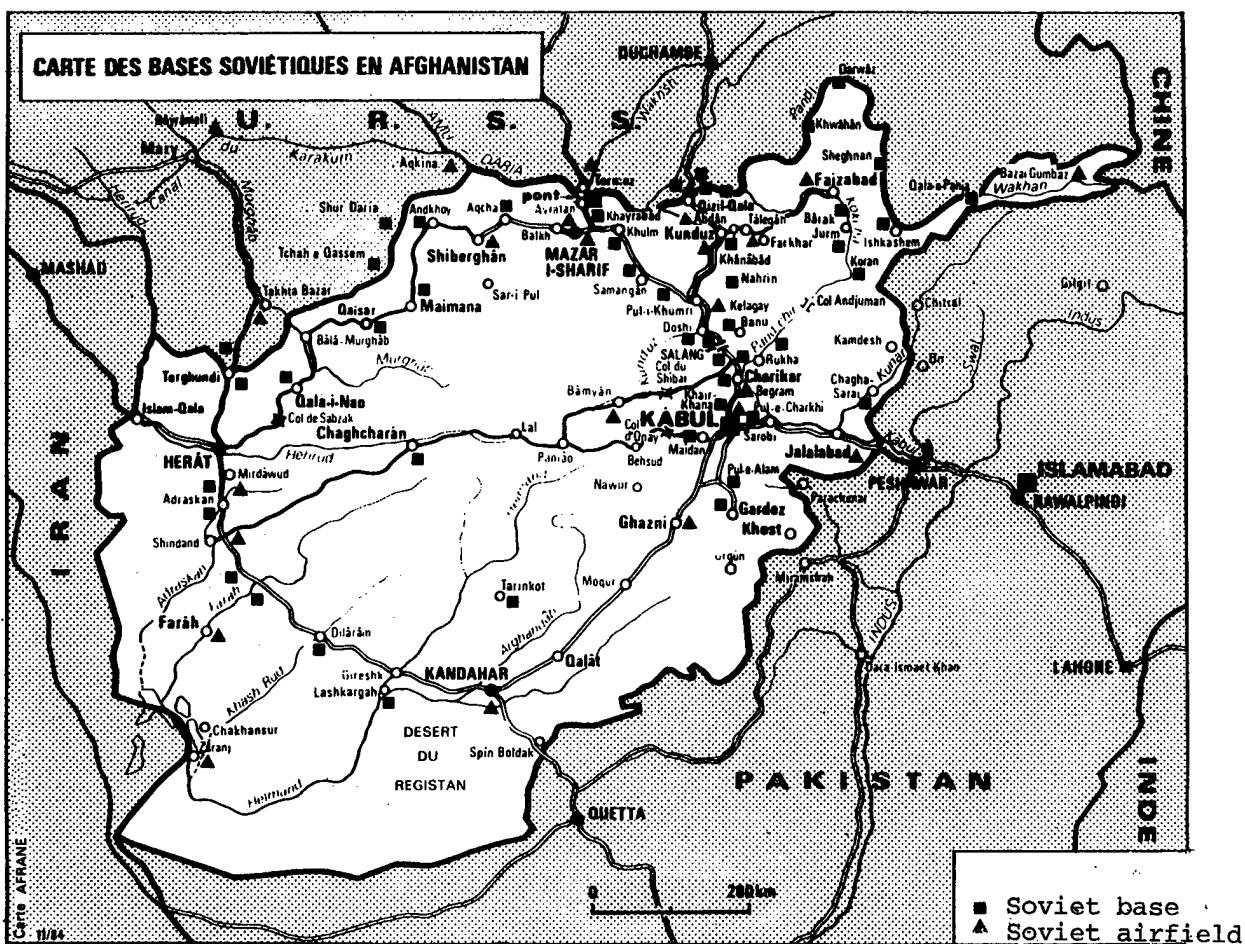
[Text] Two opposing theories are advanced concerning the reasons for the Soviet intervention in Afghanistan. One theory interprets the intervention in the centuries-old context of the advance toward warm seas (in which case the April 1978 coup d'etat, and also the December 1979 military invasion, are part of a preestablished plan), whereas the other perceives it as a defensive--even improvised--reaction to the vacuum created on the Soviet frontier by the collapse of a communist regime put in place by an indigenous coup d'etat. Whichever hypothesis is chosen, all commentators are agreed as to the outlook for the war: time is on the side of the Soviets, who should be able to maintain the conflict at a low level of intensity while waging a war of attrition and gambling on the weariness of the civilian population, with a view to the subsequent reconstruction of a sovietized Afghanistan based on the generations of young Afghans educated in the USSR. One discovers here a comparison with Soviet Central Asia, in that the Bolsheviks needed 15 years (1918 to 1933) to extirpate the resistance of the Basmachis: once that operation was completed, the old guard of fellow travelers and Muslim communists (such as Sultan Galiev)--which had become useless and had remained nationalist--was eliminated in favor of a new generation that is more technocratic than political.

It seems to us, however, that this perspective fails to take into consideration a number of factors that are unique to the Afghan situation: factors that explain why the Soviets in effect find themselves in an impasse from which they will escape only if they make precisely those choices which they are trying to avoid.

The Soviet Strategy

As Milan Hauner observes, the contrasting of two theses concerning the offensive or defensive character of the invasion of Afghanistan is a false debate. It all depends on the time frame in which one is operating. For the long term, I believe it is difficult to dispute the thesis of the advance toward warm seas and the Soviet desire for the de facto integration of Afghanistan into the USSR; moreover, the April 1978 coup could not have been initiated without the

Map 1. Map of the Soviet Bases in Afghanistan



consent of the Soviets, who were, however, in no way being threatened. The December 1979 invasion, on the other hand, was not foreseen and was designed to fill the vacuum being created on the USSR's flank as a result of the collapse of the Hafizullah Amin regime. The unpredictability and capricious nationalism of the latter elicited fear of a destruction of alliances, even though the United States obviously had no intention of embarking on an Afghan adventure; it is too often forgotten that Great Britain's withdrawal from the region in 1947 reshuffled the cards in the "Big Game" and that the United States has never felt (and, moreover, still does not feel) that it has a strategic stake in Afghanistan. The fear of a vacuum, however, was enough to cause the Soviets to act. Long-term considerations were again apparent in the second action that was taken: the "incidental" invasion was reinterpreted by the Soviets in a broader strategic and ideological perspective. The object was clearly to capitalize belatedly on the invasion by transforming Afghanistan into an outpost of the Soviet Union: this is the explanation for the reinforcement of the base at Shindand (situated in the middle of the desert in the southwestern part of the country) and for the deployment of a sizable military contingent along the Iranian frontier, despite the fact that the military

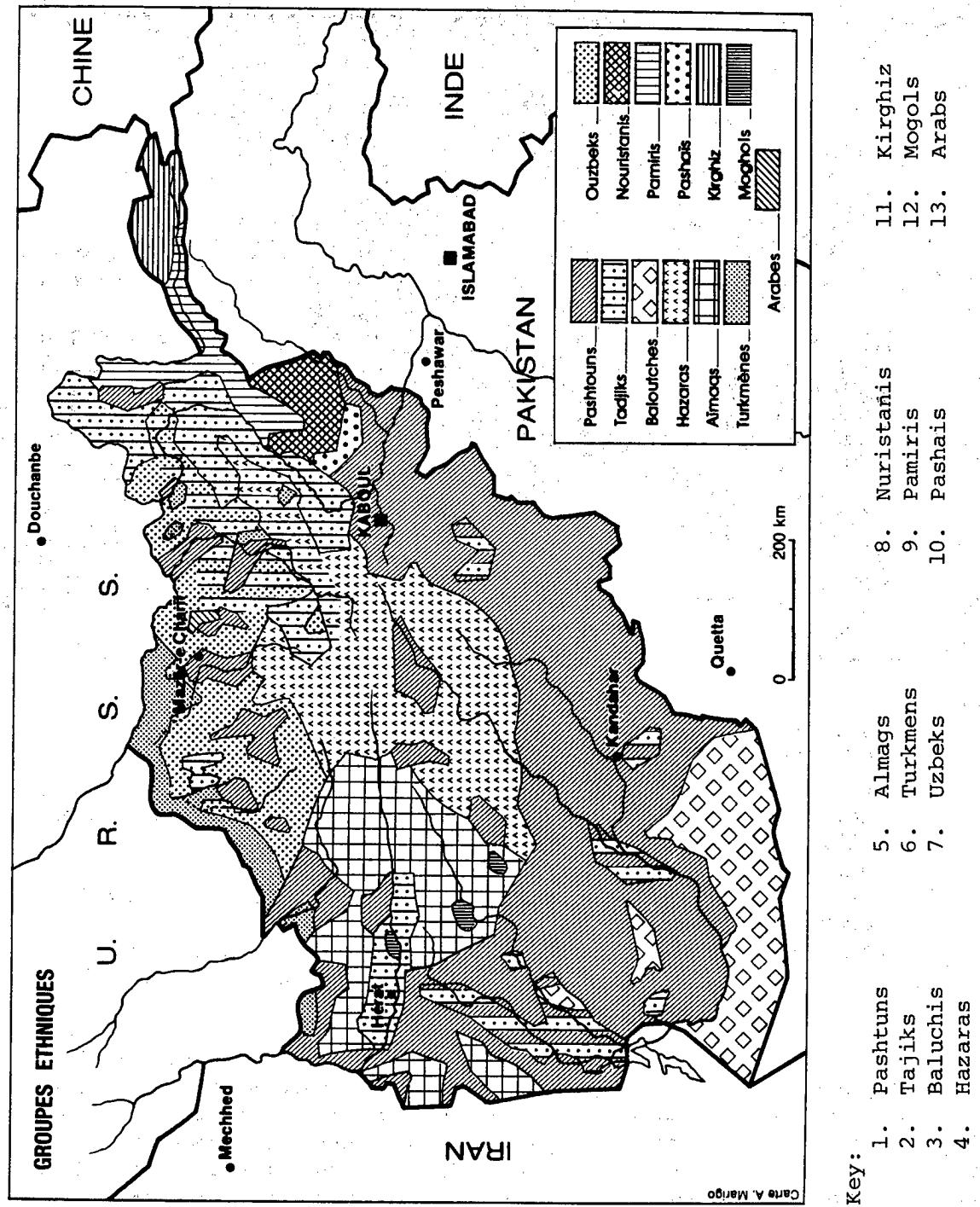
activities of the guerrilla forces are minimal throughout the region. Lastly, the invasion is perceived by the Soviets themselves in the ideological context of the inevitable advance toward socialism. Afghanistan is systematically defined as a country on the march toward socialism, a march that is irreversible. What we have therefore is not two possible Soviet policies (defensive or offensive), but rather a new version of an unforeseen scenario (intervention by the Red Army to fill a dangerous vacuum) in a broader strategic perspective (the concurrent expansion of the USSR and socialism).

Once these broad outlines have been established, it remains for us to examine the coherence of the Soviet strategy in the field, both from the military and from the political standpoint. One is often puzzled by the seeming powerlessness of the Soviet Army vis-a-vis guerrillas who at the time were very ill-equipped, and some observers thought that if the Soviets so desired they could crush the resistance. The fact is that they neither want to nor are able to. The manner in which the Soviets are managing their Afghan conflict is both coherent and realistic (which does not mean that it is effective). For them it is a question of avoiding the Vietnamese syndrome: of avoiding either a "day of reckoning" or an uncontrollable escalation. The entire Soviet policy is to maintain the Afghan war as a limited conflict that can be waged without calling into question the major strategic operations of the USSR in other areas. This calls for the presence of a relatively limited expeditionary force, so that the costs of the war in economic, human, and political terms will remain sufficiently low that the other priorities will not be affected. Any intensification of the war, however, would compel the Soviets to cross a threshold (more qualitative than quantitative) on these three levels.

This basic postulate gives rise to a three-part strategy consisting of military operations, pacification, and sovietization. The military operations have two objectives: to compel the guerrilla fighters to remain permanently on the defensive in their strongholds, and to empty the most active zones of their civilian population. For the Soviets it was a question not of crushing the active forces of the resistance but of containing them and wearing them down: hence the massive use of military aircraft and artillery, combined with hammer-blow offensives in which the brunt of the action is carried out by airborne troops who are better trained and more effective. The present composition of the Soviet expeditionary force does not allow for going beyond that stage, and the decision not to change the composition of that force is political rather than technical.

The pacification effort targets those rural areas where the military and political structure of the resistance remains very slack. The object is accordingly to play the traditional notables off against the cadres of the resistance (usually intellectuals or ulemas); the policy of pacification is in no sense a policy of subversion but on the contrary aims at strengthening traditional society vis-a-vis a politicized resistance. The allegiance of the notables is obtained by strengthening them precisely in their role as notables: it is through them that the money and weapons supplied by the government are distributed, and the group over which their influence extends is transformed into a governmental militia. No effort is made to carry out agrarian reform or to reestablish the governmental apparatus. It is the old colonial policy of pacification that had been so successful for the British on the Indian subcontinent.

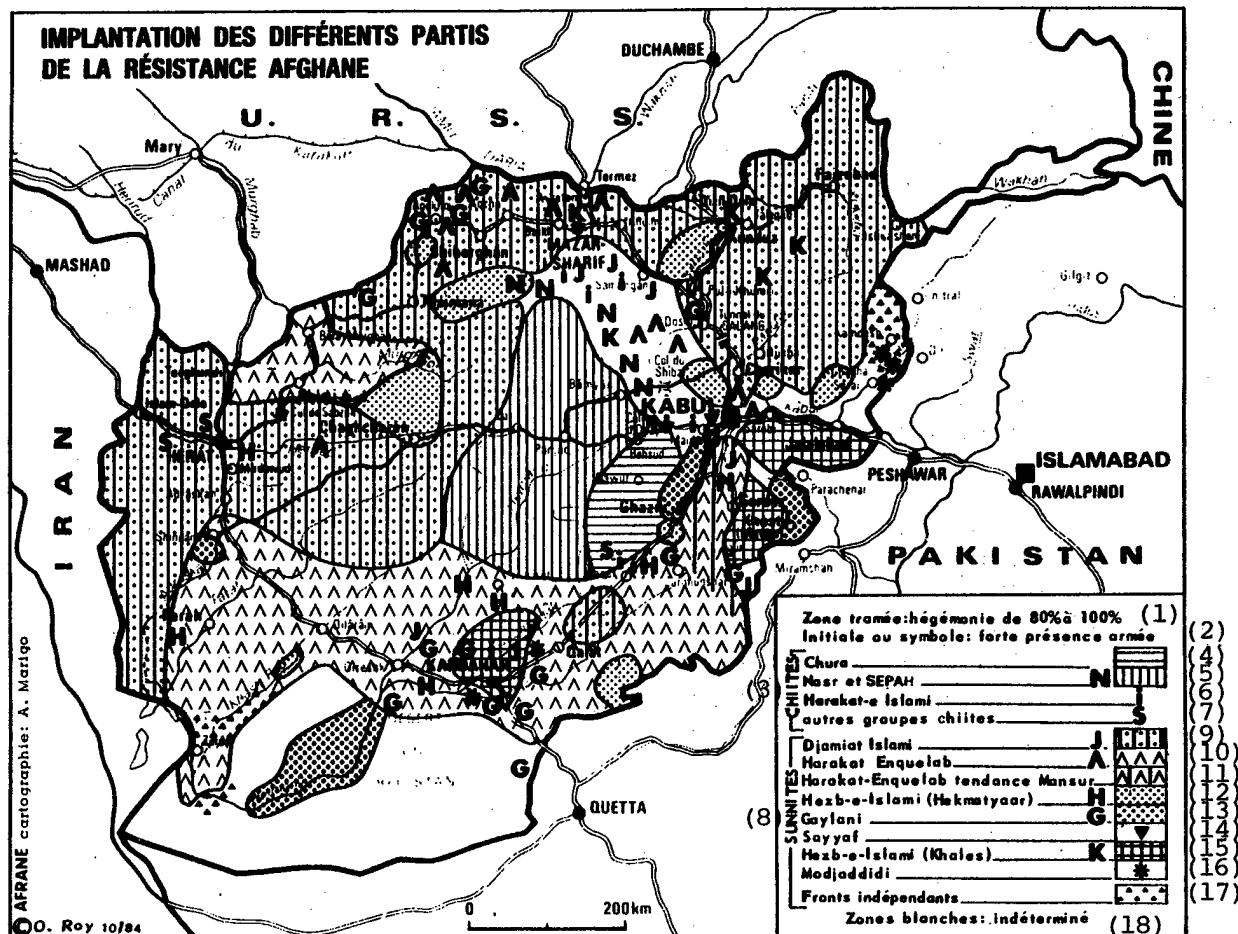
Map 2. Ethnic Groups



Key:

1. Pashtuns
2. Tajiks
3. Baluchis
4. Hazaras
5. Almags
6. Turkmens
7. Uzbeks
8. Nuristanis
9. Pamiris
10. Pashais
11. Kirghiz
12. Mogols
13. Arabs

Map 3. Distribution of the Different Groups of the Afghan Resistance



Key:

1. Plotted area: dominance from 80 to 100 percent
2. Initial or symbol: strong armed presence
3. Shi'ites
4. Shura
5. Nasr and Sepah
6. Harakat-e-Islami
7. Other Shi'ite groups
8. Sunnites
9. Jami'at-e Islami
10. Harakat-e Enqelab
11. Harakat-e Enqelab, Mansur school
12. Hezb-e-Islami (Hekmatyaar)
13. Gaylani
14. Sayyaf
15. Hezb-e-Islami (Khales)
16. Mujaddidi
17. Independent fronts
18. White zones: undetermined

Sovietization is carried out only in the large cities (and in actual fact only in the capital, Kabul). The purpose here is to train a new generation of Afghans on the Soviet model. The basic weapon is deculturation: the sending of young children to remain for years in the USSR; the promotion of life styles that are very different from traditional Muslim social life (alcohol, dancing, mixed marriages); and emphasis on technical training in a totally laicized context rather than on political training. The expectation is that

the new generation will gradually fill the vacuum created by the two previous policies. In this long-term plan the generations that experienced the pre-revolutionary period are regarded as beyond redemption, including the communists (the continuation of tribal and leadership disputes within the Communist Party supports the Soviet view on this point).

Each part of this three-part strategy is therefore implemented within a particular framework of time and space: for the short term and the bastions of resistance, military action; for the medium term and the "soft" zones, pacification; and for the long term and the capital city, sovietization. Recent developments, however, demonstrate that this policy encounters obvious limits.

The Limits

The Soviet plan can work only if the resistance is not reinforced and only if the Kabul regime holds out. The hammerblows of the Soviet Army have in practice proved to be of little effect, even in the vicinity of the capital. The pacification effort has gone forward, together with the removal of the population from those regions where the resistance fighters had been operating freely. Many of the militia who enlisted did so only out of boredom, however, and are secretly collaborating with the resistance while helping--in some regions--to resupply it. The enlistment campaign will prosper only if the resistance suffers severe military defeats. The fact is that the resistance--which, based on an authentic people's movement, has been able to hold out for 5 years with very little outside support--is now being reinforced in its strongholds, at least in strictly military terms. Its armament has been substantially improved (with the exception of antiaircraft missiles), and it is a secret to no one that the American aid approved following passage in Congress of the Tsongas resolution (4 October 1984) is finally reaching the resistance in the interior, after 5 years of parsimoniousness. Better still, this aid is being distributed on a much more rational basis and in accordance with criteria that are primarily military. Lastly, this aid is arriving at a moment when the strongholds of the resistance (Panjshir, Paktya, Kandahar, and Herat, but also Kabul and Mazar) have been greatly professionalized and often have good commanders and a political organization, further intensifying the contrast between these strongholds and the rest of the regions held by the resistance, which are doing battle intermittently and are experiencing a high degree of fragmentation.

The resistance fighters have recently obtained a number of conspicuous successes: capture of the military post at Pushgur in the Panjshir on 15 June 1985; night bombardments of Kabul; and containment of the Soviet offensive in the Paktya in September. Soviet losses in men and materiel are increasing, in particular with respect to helicopters. Far from being tied down in their strongholds, the resistance fighters are mounting operations that are increasingly daring and are now employing light artillery and ground-to-ground rockets. For the time being the Soviets are still secure in their bases, and it is primarily the government army that is bearing the brunt of the resistance. But this aggressiveness of the resistance hampers the Soviets in their pacification effort: even in Kabul there are no government bastions from which the regime can radiate its influence. Worse still, the governmental apparatus is infiltrated by the resistance; the army is depleted by desertions; and the loyal

troops are decimated in combat. In short, the Soviets have not yet been able to put in place a minimum system of transmission bands to control the country over the medium term. They are compelled to involve themselves increasingly in the direct administration of the country and in the fighting. All the offensives are now being carried out by Soviet troops, whereas until this year certain regions such as the Paktya had seen only government troops.

For the Soviets, the only short-term solution would be to strengthen their expeditionary forces both in number and in quality: more mechanized troops to occupy terrain and cut the lines of communication of the resistance, and more paratroops to crush the strongholds of the resistance. Can the Soviets do this without again calling into question their initial postulate: namely, that the war in Afghanistan must be kept within the bounds of a limited conflict that will not threaten the major foreign policy options? The response is in the negative.

The fact is that it would not suffice to bring in a few more motorized divisions: to be effective, the Soviet expeditionary forces must be tripled. There are already eight motorized divisions in Afghanistan. One might think that the dispatch of 15 additional motorized divisions would not represent a serious drain upon the total of 134 in the Soviet Army. One must be skeptical, however, of these paper figures. Some of the Soviet divisions are at less than 50 percent of their authorized personnel strength, and these are precisely the divisions stationed in the central and southern part of the USSR--in other words, those which could be sent to Afghanistan without depleting the European or Chinese fronts. The alternative is therefore either to carry out a partial mobilization or to thin out--if only symbolically--the strategic fronts (although the Soviet strategists are very susceptible to the myth of the accumulation of forces). A partial mobilization would intensify the unpopularity of the war in Afghanistan; and contrary to another (and widely accepted) view, the regime is sensitive to the image that this war has acquired in public opinion; (Footnote 1) (The war in Afghanistan is now described with realism by the Soviet newspapers, which emphasize the intensity of the fighting and compare the war to the "Great Patriotic War." In the field, observation of the Soviet troops in combat shows clearly that the officers are under orders to hold down losses; it is no longer like the Finland of 1940, another limited war to which the Afghan conflict has been compared) for any increase in effectives would involve an increase in losses. Lastly, tripling the size of the expeditionary forces would pose enormous logistical problems, which are the Soviet Army's weak point on a terrain that is quite unfavorable.

Could the Soviets rely solely on reinforcement of their elite troops? They have two paratroop divisions in Afghanistan. To be effective, these should be increased to four: that is to say, half of their total of eight paratroop divisions. When one realizes that the operations conducted in the manner of Czechoslovakia 1968 succeeded only because of the paratroopers, one can well believe that the Soviets will hesitate to withdraw one or two paratroop divisions from the European front, where they are now concentrated. In either case Afghanistan would cease to be a limited conflict, for the Soviets would have to adapt the overall disposition of their troops--and their international policy as well--in accordance with the Afghan terrain.

In short, the only military solution for the Soviets would be a massive utilization of chemical weapons against the strongholds of the resistance. This would present substantial diplomatic problems and would offer the sole advantage of settling the problem more speedily in the expectation that public indignation would abate.

The Inevitable Choices

Four possible courses of action remain open to the Soviets. The USSR could initiate chemical warfare, but such a course would put it on the defensive at a time when it is counting on its pacifist image to counter the "Star Wars" projects. Or it could substantially increase its effectives, but Afghanistan would then become the Soviets' Vietnam, that is to say, not necessarily an endless impasse but a strategic priority. (Footnote 2) (This would corroborate the gradual change noted above in the way the conflict is depicted, namely, away from portraying it as expression of the duty of proletarian internationalism and toward portraying it as a patriotic war) Or it could embark on a "forward retreat" toward Pakistan, to cut the lines of communication of the resistance, but in that case the USSR could--if it succeeded in destabilizing, cutting up, or controlling Pakistan--give rise to anxiety within the countries of the region, beginning with India, which is interested in weakening Pakistan but not in having it disappear for the benefit of a third party; this would also mean a direct collision with the United States. The only remaining course would be to negotiate--but about what and with whom?

If the Soviets are in theory favorable to negotiation, it is above all because they wish to impart an international legitimacy to the Kabul regime. For the Soviets, the indirect negotiations between Pakistan and Afghanistan--organized by Cordovez under UN auspices--are merely a prelude to direct negotiations. The USSR has already declared itself prepared to withdraw its troops as soon as the reasons for the intervention have disappeared. These reasons are simply expressed as the existence of an armed opposition to the Kabul regime, an opposition which that regime is too weak to contain. Whether this armed opposition is *sui generis* (something that is obvious to every observer at the scene) or whether it has been induced by American imperialism (the official thesis of the USSR) does not alter the situation in any way. As we have seen, it is the military reinforcement of this resistance that prevents the Soviets from managing the conflict within the limits of time and investment that they had established for themselves at the outset. How can the Soviets obtain the cessation--or at least limitation--of this external support? By inducing Pakistan to negotiate directly with the Kabul regime. In exchange for recognition of the Durand line as the international boundary, Pakistan would block the passage of any supplies to the Afghan resistance. As soon as the regime was consolidated, the USSR would withdraw its troops. It is what Selig Harrison calls the "exit through Finland." But would it be "Finlandization"? One forgets that Finland is not a communist regime, whereas the Kabul regime is a communist regime, and the sovietization of Afghan society has progressed to the point that it is impossible to see how an international agreement could halt it--something that only armed struggle is able to do. It is not a Finland that we see, but an Outer Mongolia. Indeed, Pakistan has every reason to be anxious in the face of this prospect: given the durability of the Soviet-Indian alliance, Pakistan would be caught between two allied states, one of

which it would paradoxically have helped to stabilize. The communist regime in Kabul is a nationalist Pashtun regime, which maintains a claim on the Pashtun and Baluchi areas along its frontier; (Footnote 3) (In the Kabul government, the "Ministry of Nationalities and Tribal Affairs," replacing the former "Ministry of Frontiers and Tribes," has the explicit task of attending to the Pashtun tribes residing in Pakistani territory) under these circumstances, any guarantee of the Durand line would risk becoming a mere scrap of paper. Finally, the United States--having nothing more to expect from a Pakistan that had in fact become neutral--would have every reason to play the Indian card.

A Finland-style solution is nevertheless not utopian. The proof is the fact that such a solution did prevail for more than 20 years. From 1956 to 1978, Afghanistan maintained with the USSR a relationship of this type (it was a noncommunist regime, with alignment in the area of foreign policy) guaranteed by pledges made to the USSR to prevent any American threat (no foreign bases, but above all, control of the army by the Soviet advisers). It was not President Daud's 1976 yearnings for independence that could have changed anything; for as we have said, the Americans have always excluded Afghanistan from their security zone and have never taken the place of the British in the "Big Game." (Footnote 4) (Although there was in fact a desire for reorientation on President Daud's part in 1976, as he sought support from Riyadh and Tehran, one cannot say that the United States was attempting at that time to entice Afghanistan into its orbit. The Riyadh-Kabul-Tehran axis was stillborn in 1978, inasmuch as it was not to those countries that President Daud turned for the purpose of diversifying its military assistance, but rather to India. It was not until the assassination of its Ambassador Dubbs in February 1979 that the United States stopped its economic aid. Likewise, it was only after the Soviet invasion that the United States gave arms to the resistance. It is hard to imagine the CIA of President Carter striving to oust Soviet influence before 1978 in a country in which the United States had never shown any interest, not even in the worst moments of the cold war (when it refused military aid in 1954)) Abandonment of the Afghan resistance by the West would not make it possible to create the conditions for a return to Finlandization, but it would enable the Soviets to achieve their real objective: the "Mongolization" of Afghanistan. Why should they desist from sovietizing a neighboring country if there is nothing to prevent them from doing so?

A genuine Finlandization (if these words have any meaning) presumes therefore that the Kabul regime will cease to be communist, even if the USSR does retain a certain number of guarantees. This new regime will not be credible in the eyes of the Pakistanis or the Afghan population unless it includes the resistance, for otherwise its fragility will make a new Soviet intervention probable, because the resistance--having held out for 6 years under precarious conditions--will not surrender its arms merely on orders from abroad. To the USSR that means two things: negotiate with the resistance, and renounce the doctrine of the irreversibility of the march toward socialism. Although the former is not impossible, the latter--renunciation of the Afghan revolution--would indeed be the "miracle of the century," as General Zia said on the subject of a possible Soviet withdrawal. It would be the end of the Brezhnev doctrine. There have been precedents for it, however: there was Austria, but especially there was Iranian Azerbaijan, where a people's republic on the Soviet frontier was actually created and subsequently abandoned.

Afghanistan, and the American Proposals for Regional Negotiations

In his speech before the UN General Assembly, President Reagan suggested that negotiations be opened concerning five regional conflicts (Nicaragua, Angola, Ethiopia, Cambodia, and Afghanistan), initially among the local parties and subsequently between the United States and the USSR. The case of Afghanistan, however, presents a substantial difference from that of the four others: in Afghanistan, the USSR is a "local party," and in the view of the Republican administration there is no similarity between Afghanistan and Nicaragua, where the United States is not a local party. The United States has accordingly invited the USSR to deal directly and simultaneously with the Afghan resistance and the two other local parties, Kabul and Islamabad; the aim would accordingly be to hold four-way negotiations. In exchange for this recognition of the Afghan resistance, the Americans are prepared to end their military support. In order for the American plan to succeed, it will also be necessary for the Afghan resistance to exist as a political entity. Hence the American pressure to compel the resistance fighters to create a superficial alliance; hence also the breakthrough of the resistance onto the international scene, with the presence of a delegation behind the scenes at the UN General Assembly. This strategy is all the more possible in that the resistance is displaying an unexpected military and political dynamism in the very interior of the country, beyond the scope of American influence.

But can such negotiations even be initiated? The fact is that the whole world has a stake in bringing them about. The Soviets, because in the absence of a military victory they have every reason to play the "slow decay" card, in the expectation that the American aid will in time dwindle and that their tactic of slow attrition will be effective; as in Vietnam, the aim of the negotiations would be to obtain U.S. disengagement. The Pakistanis, because any negotiations would reduce the pressure on their border. The resistance fighters, because they will in this way obtain legitimacy. The Americans, because if the negotiations fail, their military aid will be justified, whereas if the negotiations do produce results, they will view a Finlandized Afghanistan as a better barrier to Soviet expansionism than the constant presence of an army in the field, even if that army's operations are often difficult. The only losers are the Kabul regime, in that it would be placed on the same plane as the resistance; but as always, its opinion will hardly be solicited.

The war in Afghanistan will in any case be a long one, but the military escalation and the dynamism of the resistance will compel the Soviet Union to react either by making a greater commitment (and becoming mired down) or by engaging in negotiations, whether sincere or dilatory in purpose.

10992

CSO: 4619/27

IRAN

HEZBOLLAHI LEADER, SPOKESMAN VIEWS LEBANESE INTERNAL AFFAIRS

Tehran KEYHAN in Persian 9 Feb 86 p 20

[Interview with Hojjat ol-Eslam Seyyed Ebrahim ol-Amin, date and place not specified]

[Text] Hojjat ol-Eslam Seyyed Ebrahim ol-Amin, spokesman for the Lebanon Hezbollah, gave an exclusive interview to KEYHAN in which he answered questions from our correspondent concerning the Damascus tri-lateral agreement and Lebanese domestic conditions. The text of the interview is presented below.

[Question] Today a great many opinions are being expressed concerning the Damascus tri-lateral agreement. We would like to know your views as Hezbollah spokesman concerning the tri-lateral agreement and the events subsequent to it.

[Answer] Actually, there is not much talk today concerning the agreement itself. Most of what is being said today concerns whether or not the agreement will succeed or fail. The events in East Beirut especially substantiate this claim. Clearly, those events are seen as having been precisely aimed at defeating the agreement and preventing its implementation. Moreover, the preservation of the goals of the Maronite Christians in Lebanon was the goal of other events in the Christian sector of Beirut. To defeat all of the efforts made by both parties to the conflict towards concluding the Damascus agreement is seen as another of the goals of the events of East Beirut. Even now the parties who signed the agreement feel that their efforts in this area have failed, and are now putting the effort they had put into implementing this agreement into the attempt to overthrow Amin Gemayel. Our view concerning these events is that basically one cannot rely on the Maronites or the solutions they propose. In reality their proposals are nothing more than political maneuvers and time-wasting. They have a deep relationship with American and Israeli policy-making in the area. On the domestic Lebanese scene, they are undoubtedly the perpetrators of heinous crimes. They have spilled the blood of innocent Muslims without any provocation, and these killings included even the Christians themselves. They are considered the cause and the basic impetus for the continued tragedy in Lebanon. Furthermore, they were the ones who invited Israel to Lebanon to occupy it and overthrow the Muslims. In view of this, no agreement can be reached with them. What is profitable today politically and militarily for Muslims is to enter into a military process with the aim of eliminating their political and military influence in Lebanon.

In reality the Maronites of Lebanon consider this country a primary base for Middle Eastern Christians, and they plan to build a new political system to better achieve this desire. Despite the superficial differences between their organizations, their primary positions are actually identical. For example, although the views of former president Sulayman Farangieh and Lebanese Forces

commander Ili Habiqah are aligned and at variance with the views of other Christians, they hesitated concerning several parts of this agreement and dug in their heels on reserving the presidency for a Maronite. It is therefore clear that their efforts are aimed at keeping the Lebanese political system under the dominion, influence, and authority of the Maronites.

[Question] What is your view of the decision made by both parties to the Damascus agreement to boycott Amin Gemayel?

[Answer] It is our view that this is an international political game. Although the two parties mentioned above have established a propaganda boycott of Gemayel and created an opposition front with the participation of Christian forces such as Ili Habiqah, we can see that there is no real intention for real combat with Amin Gemayel and the Lebanese regime. We call upon everyone to get into the real trenches of the fight against Gemayel's regime, and when this happens we will be in front of the movement, spearheading the resistance. I believe, however, that the signatories to the agreement are firmly committed to the American plans. Six days ago one of them named Karim Baqruduni said that they would not allow America and France to engage in any kind of major armed conflict in Lebanon. America announced, through its Middle East officials, that it advises the signatories to the tri-lateral agreement to avoid military operations.

For this reason, in the final analysis we call upon them to take part in real combat, because without war, a confrontation with the Maronites, and the elimination of their presence, Lebanon will not see peace.

[Question] As a political and military organization, the Hezbollah have a special view of the Lebanon crisis. Do you believe in separating the Lebanon crisis from the Palestine crisis?

[Answer] While no one can separate the Lebanon crisis from the Middle East crisis, we definitely do not accept this separation. The Middle East region is considered an area for American influence. In other words, America has a network of influence in this area. On this basis, any resistance to America's plans in one country in the area will be reflected throughout the region. America, wishing to divide the region, wants the nations of the region to fight. America wants to portray the Lebanon crisis as isolated within the framework of this country. It does not want other nations to know about this crisis. It even wants to portray Israel's invasion of Lebanon and the Islamic resistance as a domestic matter. It has even adopted this procedure with regard to Iran, portraying the revolution as Iranian. This is an effort to cut the ties between the nations of the region, which are based on Islam, and to create difficulties between them in the name of nationalism. We do not want this separation to be achieved, because we are part of the nation of Islam. America is itself aware of the fact that our fight in Lebanon against it is part of the fight of the nations of the region, and we will fight America everywhere in the area and the world, because America is not only the enemy of Lebanon and the Palestinians, it is the foremost enemy of all the Muslims of the world. Therefore, in view of the above, we do not see the Lebanon crisis as being separate from the Middle East crisis. The source of the issue may become clear if we remember that American officials said concerning the disgraceful agreement of 17 May that they believed that in the event it was successful America's plan for the entire region would succeed.

[Question] The Lebanese Hezbollah consider the establishment of an Islamic republic in this country one of their basic efforts. What have the Hezbollah's political and military efforts been so far in order to accomplish this?

[Answer] The establishment of an Islamic republic as a political system which brings about social justice and human dignity is the hope of every Muslim. Of course we cannot discuss every plan which has been laid out, but I will mention two issues. First, anytime we engage in military struggle with Israel, the possibility of establishing an Islamic republic in Lebanon is significantly greater. In other words, when Israel is impotent and weak, the practical reality for the implementation of this plan is greater than before.

Therefore, one of our plans for establishing the Islamic republic is designing a plan for continuous resistance against Israel, and entry into the military process against the Zionist nation.

Second is the elimination of the Israeli Maronite presence, which is the fulcrum for Israeli pressure, from Lebanese political and military affairs.

The important thing is that we must make increased efforts to reduce conflicts between Muslims, because the plot is more extensive than we think. With its constant plots, the Zionist regime is diverting Muslim attention away from the basic issues and their resistance against the Zionist regime itself, drawing them into secondary issues and quarreling among themselves. A great uproar in Lebanon came in the wake of these same plots. The war of the camps, the war of the garrisons, and the Tripoli war are in this same category. We in the Hezbollah have given many warnings against getting involved in these conflicts in Beirut. Of course in a peaceful situation without bloodshed or conflict among Muslims (and the Islamic republic has made great efforts to create this atmosphere) we are in a better position to deal with the two issues above, engage in direct confrontation with Israel, and eliminate the Maronite presence in order to settle affairs. In this event, and with the realization of these conditions, we will be able to implement our desires.

[Question] To what extent was the visit by the joint Hezbollah and Amal Movement Council to Iran successful in calming the situation and establishing harmony?

[Answer] One of the great goals achieved during the visit by the joint council to the Islamic republic is the defeat of plans to sow discord among Muslims. Since that visit there have been no disturbing problems, but since this harmony has been established greater fear than before has been established in the camp of the enemy.

[Question] Has the Hezbollah camp in Biqa' come under pressure?

[Answer] We are following a clear line, and this is one of active political and military confrontation with our prominent enemies such as the Zionist regime and its agents in Lebanon. In this regard there have been no difficulties of this type for our camps in the Biqa' valley.

[Question] After it achieves its preliminary goals of driving Israel out of all occupied lands in Lebanon, will the Islamic resistance continue its fight against the Zionist regime within the occupied lands?

[Answer] Those who intend to fight Israel can continue this fight in various ways and under various conditions, but those who do not wish to fight Israel are posing problems and obstacles which obstruct the continuation of their fight. Even when Lebanon was occupied by the Zionist regime, conditions for fighting this occupation were very difficult and at times impossible. Some people even considered it useless. The Zionist regime was thus able to continue its incursion for awhile and to separate the south from the rest of the country. The Zionist regime believed that

with a cutoff of the lines of communication and supply, resistance in the south would stop. To the contrary, however, the more Israel tried to isolate the south, the more popular resistance increased and intensified.

If we have the honor of continuing the fight and to become martyrs in so doing, we will find a way to achieve this and we will specify it. Of course there are specific methods for this purpose which have already been used and may be used again, such as holy war-style fighting and suicidal operations. In this regard we must add that present conditions offer the best opportunity for continuing the resistance and the armed struggle against the Zionist regime. The internal situation in the Zionist regime is very chaotic. The Zionist regime's defeats in its efforts to take security measures in southern Lebanon have done great damage to this regime's capabilities, and have intensified the domestic crisis considerably. Consequently, its domestic situation is very unstable, and we do not think such an opportunity will appear again.

Circumstances for Muslims today are very different from what they were three years ago. Today a climate for the best sort of war and resistance has penetrated the people. Of course on the other hand there are those in Lebanon who stress impotence, weakness, and defeat, fomenting fear in the hearts of the people, ultimately creating a suitable climate for Zionist aggression in the minds of the people. It is natural, however, that with the warlike spirit of the Muslims, ultimately they will not succeed. We believe that whether Muslims fight or not, the Zionist regime will act against them.

Whatever the motivation or vain pretext, the aggression of the Zionists will continue in various forms, such as shelling border areas or air attacks. It is therefore very natural that we fight Israel, because whether we fight or sit on the sidelines and not fight, the Zionist regime will act and take measures against the Muslim presence.

On the one hand, the war with Israel is not purely a Lebanese affair. Israel is being fought as a regime which has usurped authority and occupied Jerusalem, driven the Palestinian people from their lands, and which acts as an American tool which exists for the purpose of striking out at Muslims in the area. This fight must be conducted by Muslims all over the world.

[Question] To what extent has the unity of the Hezbollah with other Islamic groups expanded, and how extensive is the Hezbollah's military and political cooperation with these groups, especially the Islamic Unity Movement?

[Answer] We have said that the war with the Zionist regime and the fight with Lebanese Maronites establishes our cooperation with Islamic groups. Outside the context of war with the two entities above, there would be no cooperation. In our war with the Zionist regime, our weapons, our fortifications, and our war will be a joint effort. We need no other coordination than this, and we think that this framework can be a suitable one for unity between Islamic groups. We are cooperating extensively with Muslim brothers, especially Sheikh Sa'id Sha'ban, leader of the Unity Movement, in order to establish a government of God and to fight the Zionist regime.

[Question] Do the Hezbollah see a difference, in their views of the Amal Movement, between the leadership and the membership?

[Answer] So far there has been no indication of a difference between the leadership and the membership. We can say nothing more than this concerning this matter.

9310
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IRAN

AMAL LEADER'S VIEWS ON LEBANESE SITUATION, MIDDLE EAST

Tehran KEYHAN in Persian 9 Feb 86 p 20

[Interview with Abu Hesham (Seyyed Hoseyn Musavi), date and place not specified]

[Text] [Question] What is your position, and how do you assess, the agreement on events in East Beirut, and the boycott of Amin Gemayel?

[Answer] Concerning the tri-lateral agreement signed by some of the paramilitary forces, we have fully expressed our ideas and views to the Muslim people and those who are in some way involved with this agreement. In reality the Lebanese Maronites are considered the agents for some of America's plots in the region. Moreover, they act consistently to procure the Zionist regime's interests. We have always advised Muslims not to accept any proposals or engage in any talks with the Maronite Christians aligned with Israel, because they never make proposals unless they are caught in a difficult and intricate situation. In reality impotence has forced them to advocate peaceful solutions. They are betting on time, and they are using it to reconstruct their power. America supports them with all its power. From the other side, however, the believing children of the nation of Partisans of God, with tireless effort, have defeated America and France and handed a bitter defeat to the Zionist forces. Thus all the foreign forces who were considered the basis for the reliability and credibility of the Christian side have fled Lebanon in disgrace. They have lost their fervor and tolerance for fighting the positions, inspired by Imam Hoseyn, which have been taken by the children of the nation of Partisans of God and the children of the Imam of the nation. Therefore, just as we have said, they view time as a valuable factor. For this reason, there has been a reversal of their positions. They are announcing that they are looking at social solutions for the Arabs to resolve the Lebanese crisis, and they acknowledging a strategic Syrian security in Lebanon. Thus Ili Habiqah appeared as the representative of this phenomenon and signed the agreement.

The text of the tri-lateral agreement includes concessions granted to Muslims. That is, the Christians are giving up some of their insignificant privileges to the Muslims. For example, some of the prerogatives of the president, who, also according to this Christian agreement, will be a Maronite, will be reduced. Moreover, measures have been adopted so that after 10 or 15 years the political apportionment of government posts among ethnic groups will be eliminated. That is, it will no longer be necessary to elect a Maronite president, a Sunni prime minister, and a Shi'ite speaker of the Majlis. In general, as has been said, in the text of the agreement there have been some changes for the benefit of Muslims. The important point, however, is that these changes will not be immediate and quickly implementable, but that this must be done in the course of a process. Christians thus think that conditions will arise in the future which will prevent the

attainment of these privileges, and they will thus be able both to execute political maneuvers and use time to their advantage. Moreover, despite the loss of considerable privileges which could meet the demands of Muslims, and despite the weakness of the text of the agreement, one sees that Christian circles, the spiritual presidency of the Christians, and the Vatican, which supports Lebanese Christians, have expressed their opposition to the agreement signed with Damascus and begun a formidable war against Ili Habiqah, who signed the agreement as representative of the Christians. Ultimately they were not able to drive him from the Lebanese political scene. On this basis, and in accordance with Koranic concepts, we have anticipated the reality of the future, because God has forbidden us to cooperate with people who have chosen the path of infidelity.

Even now some political leaders are proposing a plan for compromising with Amin Gemayel. In this regard it must be said the Amin Gemayel will not step aside because of political remarks, because prejudiced Christian circles, who operate under the Vatican's leadership, support Amin Gemayel, and they will support him against these remarks. We call for the overthrow of the Kita'ib regime with military means, because this regime will not fall because of a political uproar and commentary. Only through military force can the Phalangist regime be overthrown. Muslims must arise in cooperation to achieve this demand. Oppressed Christians can also join in this cooperation. Of course, when I speak of oppressed Christians, I am not talking about Ili Habiqah, because he is a Zionist. Thus, with the cooperation all, we can overthrow a regime which was installed by Zionists, along with the confessional political system which took control of affairs by means of the French in 1943.

[Question] What are the elements of your opposition to the Amal movement?

[Answer] We have no opposition to the Amal movement. The Amal movement, which was established by Imam Sadr, is actually considered a movement for Islamic thought. In other words, an Amal movement which acts and moves apart from Islamic thought and Islamic ways of thinking is not a movement that was founded by Imam Sadr, but rather some other movement. The Amal movement is an Islamic thought movement which has close ties with Islamic leadership. Therefore, if the Amal movement is not aligned with the Islamic revolution and the leadership of the Imam of the nation, it has distanced itself from the goals and primary motivations specified and stipulated by Imam Sadr.

Therefore, if the Amal movement is not Islamic, it is another Lebanese movement like other existing movements, because Imam Sadr repeatedly and fully explained and stipulated the ideas and Islamic thought of the Amal movement. For this reason, if such a movement does not declare its allegiance to the leadership of the revolution, how can it be the same movement that was founded by Imam Sadr?

Our basic disagreement is actually with some of the high-level leaders of the Amal movement, who may have other views on the Lebanese crisis. We have no disagreement with the lower elements of the Amal movement. Believers in the Amal movement fight shoulder-to-shoulder in southern Lebanon with Hezbollah brothers against Zionist forces, and there is always mutual understanding between us. Our political differences are with the high officials of the Amal movement, not with its lower elements.

[Question] Are you therefore saying that there is a difference between the leadership of the Amal movement and its rank and file?

[Answer] Absolutely. Some members of its political office do not adhere to the line of the Islamic revolution, and our differences are with these people. For this reason the rank and file and lower leadership of the Amal movement are in harmony with the Islamic revolution, and we therefore cooperate with them.

[Question] As a political and military organization, the Islamic Amal movement has special views on the Lebanon crisis. Do you subscribe to a separation between the Lebanon crisis and the Middle East Crisis?

[Answer] First of all, the Islamic Amal movement is considered a part of the motion of the nation of Islam. That is, our armed youth are part of the armed youth of the Hezbollah, and our ideas and aspirations are those of the Hezbollah. Moreover, our struggle against the superpowers and the Zionist regime is made in the framework of the struggle of the Hezbollah.

Concerning the separation of the Lebanese crisis from that of the Middle East, however, we believe that these two crises are part of a single problem. In the Middle East even now there is a battle on two fronts between the Truth and the Vain. I therefore cannot accept a separation between the Lebanon crisis and that of the Middle East, because the Lebanese crisis is seen as a part of the battlefield for these two fronts. In other words, this is like asking if there is a difference between the Muslim combatants in southern Lebanon and Sulayman Khatir in Egypt. Therefore, if there is a difference between Hasan Qaysar, a combatant who killed the Zionist governor in Sur, with the combatant who recently turned his machine gun on the West Bank Zionists, then the Lebanon crisis can be separated from the Middle East Crisis. In reality, all of these fighters are pursuing the same objective.

Their war is one war. Therefore, the Lebanon war is part of the overall Middle East war. Furthermore, it is the arena for some of America's political and military attacks against the Islamic revolution of Iran directed against the children of this revolution in Lebanon.

[Question] Will the Islamic resistance in southern Lebanon continue its operations in occupied Lebanon?

[Answer] This is our decision. If we do not obtain the resources necessary for this we will be called to account before God. The Islamic resistance has achieved luminous victories and proved to the people of the world that it is the Islamic movement which is the fundamental agent for these victories.

Even now, for various reasons, there are difficulties facing the Islamic resistance. Of course the number of operations has declined, but enough operations are being carried out. The decision has been made, however, to continue fighting in accordance with the words of Imam Sadr, even if it is by tooth and nail, until the Imam of the nation's command to wipe Israel off the map is achieved one day. If we cannot achieve this goal, God willing our children and grandchildren will reach this sacred objective.

[Question] We have learned that the general conference of the Amal movement will be held next year. What are your predictions for future changes in this conference?

[Answer] Of course, due to the changing situation in Lebanon, it is not clear that this conference will be held. I cannot predict major changes. Of course there may be blackmail aimed at obtaining higher positions in the leadership. Of course this is the nature of party conferences. One must therefore await developments.

[Question] Is the Amal Islamic movement in political and military harmony with other Islamic movements such as the Tawhid Islamic movement?

[Answer] As I said, we Muslims are involved in a single war. Our positions are one with those who follow and support the Islamic revolution and who uphold the banner of Islam.

Sheikh Sa'id Sha'ban is a prominent and crusading clergyman of Lebanon, and coordination and cooperation with him continues in order to confront the Phalangist enemy in Lebanon and the satanic forces of America and NATO. In general, Muslim clergymen all follow the line of the revolution, and we cooperate with them.

[Question] If the Damascus agreement between the Islamic Tawhid movement and the parties supporting Syria is not implemented, will you align yourself militarily with the Tawhid Islamic movement?

[Answer] There is little likelihood that this agreement will be defeated. We have the responsibility of defending all Muslims. God has given us success in this responsibility in the past, and we have been able to prevent greater losses between the Muslims of Tripoli. Our intervention in the thick of the attack on Tripoli, supported by the Islamic revolution, was very profitable, and we will defend Muslims in some way whenever they are attacked, whether in Tripoli or elsewhere, and we ask God for success in this.

[Question] To what degree was the joint Hezbollah and Amal movement council's meeting in Lebanon successful?

[Answer] Agreement was reached on various issues. For example, agreement was reached on armed resistance against Zionist forces in southern Lebanon coordinated between Hezbollah and Amal combatants, but so far the important parts of this agreement have not been implemented. In my view, however, this only requires the removal of sensitivities between the Hezbollah and the Amal created by the enemies of Islam. Moreover, the very talk of removal of the elements of disagreement is in itself considered a major accomplishment. God willing, we will pay no attention to the negative issues that sometimes appear. God willing, with the great efforts of the Islamic republic, we will strive to bring all believing youth, whether in the Amal movement or in other parties, into the Islamic revolution.

[Question] What is your view of the Amal Islamic movement, the executive council, and how to organize them?

[Answer] The Amal Islamic movement was forged in the movement of the nation of Partisans of God. There are no special organizations or leadership in the movement. Our operations are social and cultural in nature and are executed by the offices of the Islamic Amal movement. We call upon all Islamic movements and parties to be forged, like the Islamic Amal movement, in the national Hezbollah movement.

[Question] Do you mean that the Amal Islamic movement has no military arm?

[Answer] No, it has no military arm; its military portion has been merged with the Partisans of God.

[Question] What is your view of Iraq's imposed war against Iran, and what is your message for Iran's nation of Partisans of God?

[Answer] As a Muslim, I consider Iraq's war against Iran an imposed war, imposed on the Islamic republic by the imperialist superpowers (America and the Soviet Union). The superpowers of the world, fearing that the Islamic revolutionary movement would mobilize the people of the Middle East and their awareness, ultimately seriously endangering the interests of America and the superpowers in the area, charged Saddam Takriti with stopping and detaining the revolution.

The Islamic republic's war is a holy war which is being fought to defend Islam. The combatants of Islam are nobly and bravely lined up against the forces of evil; we have no doubt that the war will ultimately end with a victory for Islam. God willing, the Islamic revolution will be able to remove this obstacle from its path, and its movement will continue towards the liberation of Jerusalem, and unite and mobilize the people of the Middle East in order to achieve this goal.

On the occasion of the ten-day Fajr observances, we offer our congratulations to the combatants of Islam, and we ask God to prolong the life of the Imam of the nation.

9310
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IRAN

CONTRACTS CONCLUDED WITH ITALIAN, AUSTRALIAN, BRITISH FIRMS

Beirut AN-NAHAHARAB REPORT & MEMO in English 20 Jan 86 p 36

[Text]

► Italy's Saipem and South Korea's Daelim Industrial Company have received letters of intent for the laying of pipelines to connect Iran's southern oil fields with the IGAT-2 gas line and the

line with Taheri on the Gulf. The contracts, which will take effect on receipt of down-payments, are together worth \$260 million. They are to be completed in seven months.

Saipem's \$150 million order is to build a 56-inch-diameter, 102-kilometre line from Gachsaran to IGAT-2 at Nourabad. As part of the contract, the stretch of IGAT-2 between Nourabad and Kangan is to be adapted to carry oil. Daelim whose order is valued at \$110 million will install a 48-inch, 50-kilometre line between Kangan and Taheri.

► Van Ommeren Australia has agreed on a contract to supply Iran with 14,000 tonnes of frozen lamb. This follows an early-1985 barter deal for 12,000 tonnes of mutton, valued at \$15 million. The company is an affiliate of the Netherlands' Van Ommeren International Trading.

► A \$40 million order to supply tractors and tractor kits has been won by the UK subsidiary of Canada's Massey-Ferguson. The engines for the tractors will be provided by the UK's Perkins Engines Company, which is owned by Massey-Ferguson.

The deal is being financed by a six-month letter of credit (LC), which will be discounted by a syndicate of banks. Lead manager of the syndicate is Iran Overseas Investment Corporation (Iranvest). There are eight participants: Lloyds Bank, Bank Saderat Iran, Bank Mellat, Bank of Oman, Habib Bank, National Bank of Pakistan and Allied Bank of Pakistan.

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CSO: 4600/253

IRAN

GOODS, SERVICES INDEX INCREASE 4.4 PERCENT

Tehran KEYHAN in Persian 26 Jan 86 p 3

[Text] The consumer goods and services price index in Iran's urban areas rose 1.9 percent in the month from 21 November to 20 December 1985 compared to the previous month. Compared to the same month last year, the index shows a 4.4 percent rise.

The index's average over the first 9 months of the current Iranian year has increased 3.7 percent compared with the same months the prior year.

The Islamic Republic of Iran's Bank-e Markazi Economic Statistics Office announced this while publishing a summary report on the consumer goods and services price index in Iran's urban areas for 21 November to 20 December 1985.

According to this same report, during the month being discussed the foodstuffs group index rose 4 percent overall and was one of the major factors in the rise in the consumer goods and services price index in the country's urban areas. The most important factor in the rise in the foodstuffs price index was the increase in the prices of fresh fruits and vegetables due to a seasonal supply decline, to the extent that it brought about half of the aforementioned index's rise during the month. The rise in the fruits and vegetables price index reached 12 percent.

Another foodstuff showing a sharp price increase was vegetable oils, whose price increased 2 times over that of the previous month due to its supply to the public at trade and manufacturing prices and applying a special price in employee and worker cooperatives. The continuing rise in the price of chicken and red meat was another factor in the general price rise in this period.

The aforementioned summary report in regards to other primary groups comprising the consumer goods and services price index indicates that the clothing group index increased slightly following rises in the prices of various ready-made clothes, spool thread, woolens and wages relating to clothing supply.

In the housing and fuel group, the monthly increase in some construction materials such as glass and jute slowed noticeably, and bricks were sold about 3 percent cheaper than in the previous month. Conversely, the increase in the price of iron (about 15 percent) was marked. Apart from that, residential housing rents rose nearly 3 percent compared with the last period studied. In this group workers' wages showed a slight decline.

In the household goods and services and furniture group, the price of some electrical and kerosene equipment, glassware, spoons and forks, soaps and paper napkins showed an increase, while other prices showed little change.

On the whole the general price level in the transportation and communications group and the medical care group showed a relative stability. In other groups examined, rises in the prices of stationery, fresh flowers, cosmetic and hygenic products were notable.

Compared with 21 November-20 December 1984, the index of the food group rose about 5 percent, construction materials 3 percent, residential housing rents 11 percent, urban transportation and traveling costs 8 percent, health care 6 percent, reacreation, education and study 10 percent, cosmetic and hygenic costs 8 percent and gold coins 3 percent. However, little change was observable in the index of household goods and services and furnishing and in construction workers' wages.

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CSO: 4640/213

IRAN

NEW INVESTMENTS IN INDUSTRY EXAMINED

Tehran KEYHAN in Persian 28 Jan 86 p 22

[Text] Economic service. In the seminar on the 1365 [21 March 1986-20 March 1987] plan and budget of the organization for the expansion and renovation of Iranian industries, the chairman of the board of directors of this organization explained the situation of the national and production resources of the units, the goal of production based on prices, the use of resources and overcoming the limitations to be able to engage in planning, to use the ratified implemental systems and industrial supervision, to evaluate the work of the managers of factories, for new investments, for the closure of some units, to reduce the currency allocation, for partnerships with the banking system in industrial projects, for the management situation of the units, to handle the problems of participation in contracts, the role of the export system of the country in industrial exports abroad, the ownership of units, the training of managers, and rectifying the financial composition of the payment companies.

The first speaker for this seminar was Engineer Behzad Nabavi, whose views were published in KEYHAN during the past two days.

Following the issues raised in the seminar today, you will read the text of the speech of Engineer Baqerian, the chairman of the board of directors of the organization for expansion.

In a part of his speech, he said: As you know, the conditions in 1362 [21 March 1983-20 March 1984] and the generosity in allocating the financial production resources of the organization for expansion have gradually come to an end, and we now face a new situation.

We have a hard test ahead of us, but it is not too troublesome. What we must do with regard to the managers of the units under our control is to point out and emphasize a tool which, if it is given its actual value and dealt with more fundamentally, will bring about better results, even with the new program.

One of the new tasks of the movement of the organization in the new year is to clarify the meaning of economic movement within the organization. Naturally, from here on, we will not be given the amount of currency and resources we were given in the past. We must have a precise understanding of all of our resources, identify the limitations, and achieve our desired operations within this framework. This is, in fact, possible with planning, which can be used in regards to shortages.

Therefore, planning will be one of the major, fundamental goals of the organization for expansion in the coming years. The daily actions must be put aside; we must not hang "daily plans" in our units in place of planning. We must fight the new conditions with decisive beliefs and eliminate daily death from the collection of the activities of the units under our supervision.

Industrial Supervision Systems

Engineer Baqerian then added: In the area of planning, the brothers must have a precise understanding of their resources and know the limitations. Planning will not be done except for economic units equipped with a series of tools, which consist of ratified implemental systems and industrial supervisory systems.

If we want to evaluate our economic movements, we need a series of indices and standards and these indices require a series of industrial supervisory and implemental systems. This is a problem and all of the units under our supervision have some problems in various areas.

Thus far, in very form possible, the organization for expansion and the ministries have established this complex and started production. But now that we are questioning the price of production, we must necessarily place more importance and value on the other aspects of the issue.

Therefore, in our movement next year, the industrial systems will be emphasized and will be a focus of attention as a fundamental goal. We make an agreement with you. When the affairs are managed accordingly, plans are made, and your budget plan can be a main factor in this movement and the attention that you pay to it.

I must say that in the movements that have started in the deputy offices of the organization for expansion, on the basis of the plans, we will deal with all the production and developmental funds and we will evaluate the work of the managers in the future on the basis of these indices and tools.

The Production Composition of the Units

Engineer Baqerian also said: In the second phase of our work, we must study the limitations announced to us as the new conditions to see to what extent they affect the composition of the production in our units and how some units are closed, how some move towards technological activities, and how others lean towards implemental organizations. If they announce this to us, we will ultimately succeed in obtaining an economic operation for all the activities of the units under our supervision, which will result in acquiring new sources for the other responsibilities of the organization.

It was said that through economic operations, whatever we gain should be used for new investments. Of course, the increase in the investment power in heavy industries is one of the goals of the organization for expansion.

This issue requires resources and, as you know, the industrial composition that the Islamic Republic has inherited was neither a sound nor a complete composition. In accordance with the tasks imposed on the industrial system of the country before the revolution, workshops and factories were created.

Therefore, if we want these chains to be completed and we want to have an in-depth movement and establish production units, we need heavy investments.

According to the plans made in '64 [1985-86], \$600 million in currency should have been allocated to us for future investments in projects that have gone through the investigation stages. This could be technically and economically justified and we could move towards rial and currency investments.

But, considering the explanations of Mr Nabavi, they may not give us more than \$170 million, with which we can only complete the unfinished projects. Hence, considering the limitations in regards to high investments or procurement of domestic production resources, we must plan to suffer the least amount of damage next year.

Here the factor of decreased industrial dependence on foreign countries and the necessity for strong investments, on the one hand, and the reduction of the financial resources of the organization, on the other hand, are at issue.

If previously we were given \$2.4 billion in currency, we had something like 450 billion rials in production value. Now that there is a reduced level of currency, naturally, production will decrease in the organization for expansion, considering the level of cash flow and rial resources. And if we are allocated a proper currency from formulas that were mentioned, such as the revolution decade plans, we need a great deal of financial resources in rials to be able to accomplish something.

The policy has been regularly announced by the authorities of the Islamic Republic that the banking system, in order to circulate its cash flow, must participate in the industrial system. Considering factors such as the high capacity for the absorption of investments in the organization for expansion and our potential expertise, experience and rich economic support, this can be

a very attractive factor for the banking system of the country to come to our aid in the area of industrial projects. We expect the brothers to deal with this issue actively. Naturally, the banking system of the country has its own language, standards and particular indices for participation in industrial projects and the units must, considering the developmental projects, be equipped for this.

God willing, we will be able to make up for this cash flow weakness in investment, which is one of the necessities of the heavy industries in the country. With the priorities of our production units, the necessary currency will be allocated to us.

Industrial Production is the Support for Economic Independence

In the area of increasing production in the heavy industries, Engineer Baqerian then said: We say that if a country wants to succeed in becoming economically independent in the true sense of the word, the way is to place value in the area of heavy industries production. To follow up our problems requires national will and much effort on the part of the ministry.

All the needs of the economic sector, including the services in regards to production and fundamental affairs, come from the heavy industries units and, therefore, we seek this assistance because all of our units have been designed to equip and provide for the needs of the large developmental projects and are mainly for providing the essential needs of the country.

We expect a national determination to be created in the organizations which are our implemental arm and for orders to be placed with us so that we can make long-term investments.

This is one of the fundamental points and despite the fact that the Ministry of Heavy Industries emphasizes it, it is not sufficient.

In this connection, we are under a lot of pressure to prove, firstly, that we are able to work. Then, when we have proven it, they compare us with the foreigners. And later, when they give us the work, they do not provide us with the same conditions that the foreigners enjoyed. In other words, the contractors and manufacturers do not deal with us as they have done with the foreign companies that they welcome. And no matter what we say, the response is that in such and such a case we ruined the work. The answer is clear: We are heirs to such a complex problem, with these resources and limitations.

For native industries to be established requires support in the implemental organizations and the help of the government. The managers of the implemental organizations of the government are generally cooperative; but when we reach the peripheries of this organization, we face problems.

So far, the government has provided the necessary support, but we would like this support to become stronger and more constant and we would like them to allow us not to waste our energies to justify these issues, because we are capable of engaging in production.

Currency Share of Units

The chairman of the board of directors of the organization for the expansion and renovation of Iranian industries then said in regards to the situation of the currency share of the organization:

We expect cash currency from the Ministry of Heavy Industries. To ensure the correct share of domestic resources in the manufacture and production of products depends on cash currency. If you want to omit a few of the items that are imported from abroad and order them from the domestic producers or procure a few items from foreign sellers and various sources through B.T.C. and bartering, you cannot provide sufficient support for production capacity.

Hence, we expect a major part of the currency that is allocated to the organization to be the currency with which we can maneuver and select parts that are economically feasible for us.

You expect the industry to produce and be self-sufficient in production with high technology and quality, we also have expectations for the other industrial organizations and, God willing, we will witness this movement in '65 [21 March 1986-20 March 1987].

Also, concerning the industrial experts, I must say that the country's present export system has not been designed for the export of industrial products. This is a system in which we must struggle for six months to export one minibus. In such a situation, you cannot engage in exports. For industrial exports to be formed requires specific laws, systems and tools.

If a manager is supposed to be engaged in production and stress quantity, quality and other production tools, he must be certain that outside the unit also a system has been designed that is ready to accept, encourage and facilitate this effort.

Hence, we want a specific bill, plan and legislation to be prepared and sent to the Majlis and to be discussed in the government in order for us to activate the system of industrial exports of the country.

When our units want to pursue exports, the same encouragement that is given the private sector units is not given to the government units.

Elimination of Cumbersome Laws

Engineer Baqerian added: If we want to plan and raise the quality of production and to carry out the thousands of other responsibilities imposed upon us, we expect them to remove those cumbersome laws blocking the government managers.

We see that a new paragraph, note or interpretation is added to the same legislation that we had for managing the units under the supervision of the organization for expansion. In fact, we are gradually losing our able forces.

And in the meantime, they compare our managers with those of the private sector.

Even with all of these limitations, our managers have both increased production and raised quality. For this situation to become permanent would cause a lot of problems for us. In taxes, we are the first. Whatever is calculated first hits the managers of our units; we are expected to pay the most, since the mission of the revolution is somehow imbedded in government management.

We want serious efforts to be made to remove the cumbersome legislation blocking government managers, especially the industrial managers.

In order for the implemental system to support the national industries, a change must be made in its structure; otherwise, the forces and energies that are used in this regard will be wasted.

In conclusion, Engineer Baqerian referred to the circular letter of the '65 [1986-87] plan and budget for the organization for the expansion and renovation of the Iranian industries and said: This circular letter concerns supervising the actions of the companies under our jurisdiction, and on the basis of the same circular letter, the organization will actively work on a series of issues, including the headquarters program of the organization.

This action is translated into implementation in connection with the organization itself. For example, we will work on the issue of the ownership of units and we will also work on the training of managers, support research, and study the ways to rectify the financial composition of the companies with everything in our power.

God willing, with the persistent and diligent supervisory system that we will establish for our units next year, a series of our internal problems and pressures will be removed to allow the managers to engage in production and the responsibilities determined for you.

According to a report by the KEYHAN economic correspondent, in the conclusion of the session, Dr Ja'fari, the deputy minister for planning, explained the topics and issues concerning the circular letter regarding the '65 [1986-87] plan and budget of the organization for expansion and renovation. It should be mentioned that this seminar was a program for the managers of the factories designed to explain the '65 [1986-87] budget under the supervision of the organization for the expansion and renovation of Iranian industries. Issues regarding the policy-making procedure for heavy industries and the situation of the issuance of agreements in principle were discussed and examined in the seminar as suggestions which will ultimately be approved by the council of the deputies of the Ministry of Heavy Industries, in which case, they will be implemented.

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IRAN

INCREASE IN EXPORTS TO EAST BLOC COUNTRIES REPORTED

London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 8 Feb 86 pp 17-18

[Text] East bloc sales reach \$ 1,500 million

Non-oil trade with seven East European countries totalled about \$ 1,500 million in the Iranian year 1362 (1983/84), according to the *Moscow Narodny Bank*. Almost all consisted of exports to Iran; trade in the opposite direction amounted to less than \$ 70 million. Figures for substantial Iranian oil supplies were not available.

The main supplier was Romania; the leading importer of Iran's non-oil goods was the Soviet Union. The Moscow Narodny figures are the most comprehensive supplied since the 1979 revolution.

Iran: non-oil trade with socialist countries, 1983/84

	(IR million)	Exports	Imports
Romania	27,364	—	
Yugoslavia	24,939	165	
Soviet Union	19,289	3,477	
Bulgaria	17,471	211	
Hungary	13,604	930	
East Germany	12,899	507	
Czechoslovakia	10,057	441	
Total	125,623	5,731	

Exchange rate: \$ 1 = IR 86 (1983);
\$ 1 = IR 90 (1984)

Source: Moscow Narodny Bank

Soviet ties improved

Relations with the Soviet Union appear to have been put on a new footing, following early-February talks (MEED 1:2:86). Foreign Affairs Minister Ali Akbar Velayati has been invited to visit Moscow, and the Soviet airline *Aeroflot* is to resume flights to Tehran. A joint commission headed by the economy and finance ministers will follow up economic matters.

The agreements were reached during three days of talks in Tehran between Soviet first deputy foreign affairs

minister Georgy Kornienko and senior Iranian officials, including President Khamenei. Kornienko described the talks as "useful, pleasant and constructive;" the Iranians summed them up as "good and successful."

On the economic front, the two countries have discussed plans for two hydro-electric and irrigation dams near the border, oil and gas exploration in the Caspian Sea, and possible resumption of gas supplies to the Soviet Union. The IGAT-1 gas trunkline was shut down in 1980 because of a price dispute.

Oil facilities 'safe'

The government has denied speculation abroad that Iraqi air attacks have crippled oil export facilities. Iran could export more oil than its OPEC quota if it wished to, the Oil Ministry said, but has halved its exports to prop up falling oil prices.

Meanwhile, Prime Minister Hossain Moussavi says foreign exchange reserves are so large that there is no cause to worry about a financial crisis. In any case, the government had prepared contingency plans four years ago to keep the economy going with minimal oil revenues should this prove necessary, he added.

There are no reliable reports from the Kharg island export terminal area about the amount of damage caused by Iraqi aircraft in recent weeks. Some observers in the Gulf say Kharg may have been put out of action in the last week of January, when Iraqi aircraft damaged key pipeline installations on the nearby mainland.

The Iraqi attacks coincided with the announcement in Tehran that oil production was being halved to strengthen oil

prices (MEED 1:2:86). There was speculation among Gulf industry and shipping officials that the Iranian announcement was in fact related to Iraqi-inflicted damage to pipelines and a manifold at Ganaveh. However, reports from the Gulf now say tankers are still loading at Kharg, so damage to oil facilities must have been minor and quickly repaired.

On 2 February Iraqi aircraft near Kharg damaged a chartered tanker, which was being used to shuttle crude from Kharg to safer terminals near Sirri island in the southeast. The tanker was the 142,000-ton Torill, flying the Maltese flag but managed by Norway's *Marine Management*. The damage might take about 10 days to repair, the company says.

Iran is reported to have finalised one-year term contracts for 1986 for about 700,000 barrels a day (b/d) — including 150,000 b/d for *Royal Dutch/Shell* and 60,000 b/d for *British Petroleum*. The contracts are on a netback basis, says the Nicosia weekly Middle East Economic Survey (MEES). Negotiations are still going on with Japanese oil traders, who object to Iran's high oil prices.

IN BRIEF

- o The government has allocated \$ 18 million for the March construction start on the country's biggest locally built dam. The Baroon dam will span the Zang-e Bar river near Maku, close to the borders with the Soviet Union and Turkey. It is designed to impound 120 million cubic metres of water, to irrigate 15,000 hectares in Maku plain and Pol-e Dasht, Energy Minister Mohammad Taki Banki says.
- o Agreement has been reached for India to supply iron ore from the Kudremukh mines. The deal will be finalised in March, according to press reports in New Delhi (MEED 25:1:86).
- o The wholesale price index rose by 2.8 per cent in the Iranian month 21 December-20 January, compared with the previous month, Bank Markazi (central bank) says. It was 8.9 per cent up on the corresponding month last year.
- o *Iran Tobacco Company* has invited bids for the supply of 600 tons of yellow and blue paper. Closing date is 13 March.
- o *Machine Sazi Arak* is considering offers submitted in early February for a contract to supply 63 electric cranes.
- o A Yugoslavian company identified as *Prva Petroljetka-Werk* has a \$ 126,000 order to provide 3,000 hydraulic pumps for transport vehicles; they are for delivery by April. The company says it will be supplying 5,000 geared pumps for construction and agricultural machinery in 1987.
- o The Construction Crusade Ministry is sending advisers to Tanzania in the spring to help with livestock breeding and medical services. The plan was agreed during President Khamenei's recent visit to Tanzania (MEED 25:1:86).
- o Talks are being held with Dutch officials about possible co-operation with the Netherlands in the use of water resources.
- o Several factories have been closed for violating pollution standards, the Environmental Protection Organisation says. A smog alert was issued in Tehran in late January — the state radio asked people with respiratory problems to stay at home; car drivers were requested to use public transport or walk.

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CSO: 4600/252

IRAN

PAPER REPORTS ON IRAQI-ISRAELI TALKS

LD172156 Tehran IRNA in English 1630 GMT 17 Mar 86

[Text] London, March 17, IRNA--The JEWISH CHRONICLE, a London based weekly with strong links in Israel, has reported the presence of a pro-Iraqi lobby in the Zionist state which supports helping the Saddam regime in its war against Iran.

The journal, in its March 14 issue, says a group in Israel believe that "They should exploit a moment of Iraqi weakness as that country comes under increasing Iranian pressure in the war."

Though in minority, the lobby is reported to be "gaining some ground," says the Jewish paper. "They want to make quiet diplomatic overtures to Baghdad, with a view to encouraging the Iraqis to join an Egyptian-Jordanian axis," reports the JEWISH CHRONICLE. It says a major debate was shaping up in policy-making circles in the Zionist capital concerning a report that the Iraqis had approached Israel for arms.

It may be recalled that FOREIGN REPORT, another British journal, had reported earlier this month that the Iraqis were buying arms from Israel and that the Iraqi deputy foreign minister, Taha al-Qaysi, had a meeting with the Zionist Ambassador to the United Nations Benjamin Netanyahu, in New York recently.

This report was later denied by the Iraqi and Zionist circles but now a prominent Jewish paper has confirmed the existence of links between the Baathists and the Zionists.

/9365
CSO: 4600/254

IRAN

BRIEFS

ARMS SHIPMENT FROM VIENNA--According to a report from a Voice of the Liberation of Iran correspondent in Vienna, Austria, during the past week four managers of the (Houst) Company, based in the town of (Griest), a suburb of Vienna, have gone to Tehran to negotiate a deal to sell smuggled arms by illegal means. This company in the past had a 16 million Austrian schilling deal with Iran and it allegedly sent 600 artillery pieces to a port in Libya, which in reality were transported to Iran. Austrian Minister of Interior Mr Karl Belcha has issued an order to investigate the matter. [Text] [(Clandestine) Voice of the Liberation of Iran in Persian 1630 GMT 14 Mar 86] /9365

MORE RADIO JAMMING DEVICES ACQUIRED--Devices for jamming radio waves of dissident radios in the regime now have been provided to IRNA, the official news agency of the Islamic Republic of Iran. These devices are a type of transmitter and cost more than \$1 million each. These devices (already) exist in several parts of the country, including Azerbaijan-e Bakhtari, (Jamalabad) in Qazvin, (Kukh-e Abdollah) and Khosrowabad in Khuzestan, and the city of (Kerung) in Kermanshah. They were earlier controlled by the radio-television department. As we have said, these devices are capable of transmitting jammer radio waves. They are now at the disposal of the official news agency of the regime. [Text] [(Clandestine) The Voice of Liberation of Iran in Persian 1630 GMT 8 Mar 86] /9365

PETROCHEMICAL PROJECT STOPPED--Tehran, March 16, IRNA--The Iranian Petrochemical Company said Sunday it has stopped the repayment of a loan to a financial firm because its Japanese partner has refused to pay its share of the loan. The Public Relations Office of the Oil Ministry quoted reliable sources in the Petrochemical Company as saying that the decision has been announced to the Japanese partner, the Mitsubishi Company. The two companies have a 50 percent share in the construction of a petrochemical complex in southern Iran and have taken loans on equal basis for the work. The sources said that their "Japanese partners have also refused to meet the assurances that they had given earlier for no reason." [Text] [Tehran IRNA in English 1237 GMT 16 Mar 86] /9365

CSO: 4600/255

END